Global Logistic Properties

普洛斯

# GLOBAL LOGISTIC PROPERTIES LIMITED

(Company Registration Number: 200715832Z)
(Incorporated in Singapore on August 28, 2007)

## PROSPECTUS DATED OCTOBER 11, 2010

Registered by the Monetary Authority of Singapore on October 11, 2010

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.**

This is the initial public offering of our ordinary shares (the "Shares"). Global Logistic Properties Limited (the "Company") is issuing an aggregate of 1,135,273,000 Shares (the "Issue Shares") and Schwartz-Mei Group Limited ("SMG" or the "Vendor") is offering 37,971,000 Shares (the "Vendor Shares", and together with the Issue Shares, the "Offering Shares") for subscription and/or purchase at the Offering Price (as defined below) (the "Offering"). The Offering consists of (i) an international placement of 1,070,869,000 Offering Shares (the "Placement") to investors, including institutional and other investors in Singapore, and (ii) a public offer of 102,375,000 Offering Shares in Singapore (the "Public Offer"). The Offering Shares offered may be re-allocated between the Placement and the Public Offer, at the discretion of the Joint Global Coordinators, subject to any applicable law. See "Plan of Distribution".

At the same time as but separate from the Offering, each of Alibaba Group Treasury Limited, Bosera Asset Management Co., Ltd, CB Richard Ellis Global Real Estate Securities, LLC ("CBRE GRES"), Chow Tai Fook Nominee Limited, Jovina Investments Limited, ING Clarion Real Estate Securities, LLC, Lion Global Investors Limited, Owl Creek Asset Management, L.P., Vervain Equity Investment Limited and View Far Management Limited (collectively, the "Cornerstone Investors") has entered into a cornerstone subscription agreement with the Company (collectively, the "Cornerstone Subscription Agreements") to subscribe for an aggregate of 588,976,000 new Shares at the Offering Price (the "Cornerstone Shares"), conditional upon the Offer Agreement (as defined herein) and the Underwriting Agreement (as defined herein) having been entered into and not having been terminated pursuant to their terms on or prior to the Listing Date (as defined herein) (the "Cornerstone Tranche", together with the Offering, the "Global Offering").

In connection with the Offering, Reco Platinum Pte Ltd ("Reco Platinum") has granted J.P. Morgan (S.E.A.) Limited, as stabilizing manager (the "Stabilizing Manager"), on behalf of the Joint Global Coordinators, the International Underwriters (as defined herein) and the Lead Manager (as defined herein), an over-allotment option (the "Over-allotment Option") exercisable in whole or in part on one or more occasions from the commencement of dealing in the Shares (the "Listing Date") on the Singapore Exchange Securities Trading Limited (the "SGX-ST") until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent has bought on the SGX-ST an aggregate of 234,648,000 Shares, representing 20% of the total Offering Shares, in undertaking stabilizing actions, to subscribe and/or purchase up to an aggregate of 234,648,000 Shares (the "Additional Shares") (representing 20% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. If the Over-allotment Option is exercised in full, the total number of issued and outstanding Shares immediately after the Offering will be 4,506,689,664 Shares.

Prior to the Offering, there has been no public market for our Shares. Application has been made to the SGX-ST for permission to list all our issued Shares, Offering Shares, the Cornerstone Shares, the Reorganization Shares, the Additional Shares and the Plan Shares (as defined herein) on the Main Board of the SGX-ST, which will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares, the Offering Shares, the Cornerstone Shares, the Reorganization Shares, the Additional Shares and the Plan Shares on the Official List of the SGX-ST. Monies paid in respect of any application accepted will be returned, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against us, the Vendor, Reco Platinum or the Joint Global Coordinators or the Joint Underwriters (as defined herein), if the Offering is not completed because this permission is not granted or for any other reason. The settlement and quotation of our Shares will be in Singapore dollars.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of all of our issued Shares, the Offering Shares, the Cornerstone Shares, the Reorganization Shares, the Additional Shares and the Plan Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus (the "Prospectus" or this "offering document"). Our eligibility to list and our admission to the Official List of the SGX-ST is not an indication of the merits of the Offering, our Company, our Group or our Shares (including the Offering Shares, the Cornerstone Shares, the Reorganization Shares, the Additional Shares and the Plan Shares).

**Investing in our Shares involves certain risks. See "Risk Factors" beginning on page 37.**

Investors in the Placement will be required to pay a brokerage fee of 1.0% of the Offering Price in connection with their purchase of the Offering Shares. See "Plan of Distribution".

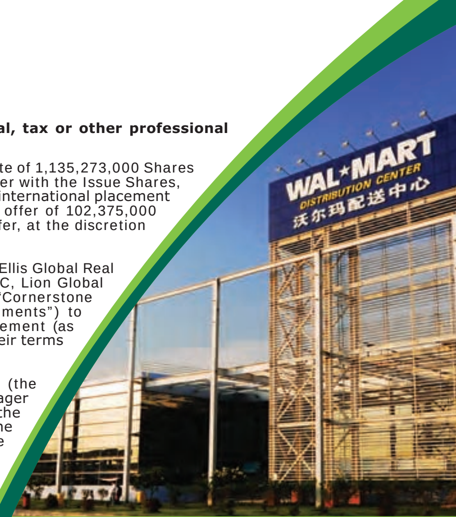
**OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OF AMERICA (THE "UNITED STATES") EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ACCORDINGLY, THE OFFERING SHARES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES (INCLUDING TO INSTITUTIONAL AND OTHER INVESTORS IN SINGAPORE) IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") IN RELIANCE ON RULE 144A ("RULE 144A") UNDER THE US SECURITIES ACT. THE OFFERING SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "TRANSFER RESTRICTIONS". EACH PURCHASER OF SHARES IS HEREBY NOTIFIED THAT SELLERS OF SHARES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE US SECURITIES ACT PROVIDED BY RULE 144A.**

The Offering Shares offered under Regulation S ("Regulation S Offering Shares") may not be acquired by investors using assets of any retirement plan or pension plan that is subject to Part 4 of Subtitle B of Title I of the United States Employee Retirement Income Securities Act of 1974, as amended ("ERISA") or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any entity whose underlying assets include, or are deemed to include, "plan assets" by reason of such plan's investment in the entity (collectively, "Benefit Plan Investor"). With respect to the Offering Shares offered under Rule 144A ("Rule 144A Offering Shares"), initial purchasers of such Offering Shares will be required to represent and warrant (i) whether and to what extent it is, or is using the assets of, a Benefit Plan Investor, (ii) whether it is a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or any person that provides investment advice for a fee (direct or indirect) with respect to the assets of the Company, or any affiliate of any such Person (each such Person, a "Controlling Person"), (iii) that its acquisition and holding of any Offering Shares does not and will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code (or in the case of any governmental, church or non-US plan, will not result in a violation of any applicable similar law) and (iv) that it will not knowingly transfer the Rule 144A Offering Shares to a Benefit Plan Investor or Controlling Person. No sale or transfer of an Offering Share will be permitted or recognized if it would result in being "significant" equity holdings by Benefit Plan Investors for purposes of ERISA and the United States Department of Labor regulations under ERISA (i.e., 25% or more of the value of any class of equity being held by Benefit Plan Investors, disregarding Offering Shares held by Controlling Persons). For further details about restrictions on offers, sales and transfers of our Shares, see "Certain ERISA Considerations", "Plan of Distribution" and "Transfer Restrictions". Any violation of these restrictions may result in the compulsory transfer or purchase of our Shares from a purchaser or the person holding a beneficial interest in such Shares.

A copy of this Prospectus was lodged with and registered by the Monetary Authority of Singapore (the "Authority") on September 27, 2010 and October 11, 2010, respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares being offered for investment (or of the Additional Shares, where the Over-allotment Option is exercised).

No Shares will be allotted or allocated on the basis of the Prospectus later than six months after the date of registration of this Prospectus by the Authority.

Investors applying for Offering Shares by way of Application Forms or Electronic Applications (both as referred to in the instructions booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore") in the Public Offer will pay the Offering Price on application, subject to the refund of the full amount or, as the case may be the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against us, the Vendor, Reco Platinum, the Joint Global Coordinators or the Joint Underwriters), where (i) an application is rejected or accepted in part only, or (ii) the Offering does not proceed for any reason. Investors who are members of the Central Provident Fund ("CPF") in Singapore may, subject to the applicable CPF rules and regulations, use their CPF Investible Savings (the "CPF Funds") to subscribe for and/or purchase the Offering Shares.




**A MARKET LEADER IN MODERN LOGISTICS FACILITIES IN CHINA AND JAPAN**

**GLOBAL LOGISTIC PROPERTIES LIMITED**

**1,173,244,000 Offering Shares**

**(subject to the Over-allotment Option) (as defined herein)**

**Offering Price: S$1.96 per Offering Share**



***Joint Global Coordinators and Joint Issue Managers***

citi J.P.Morgan

***Joint Bookrunners and Joint Underwriters***

citi J.P.Morgan
CICC DBS UBS

***Lead Manager and Joint Underwriter***

NOMURA

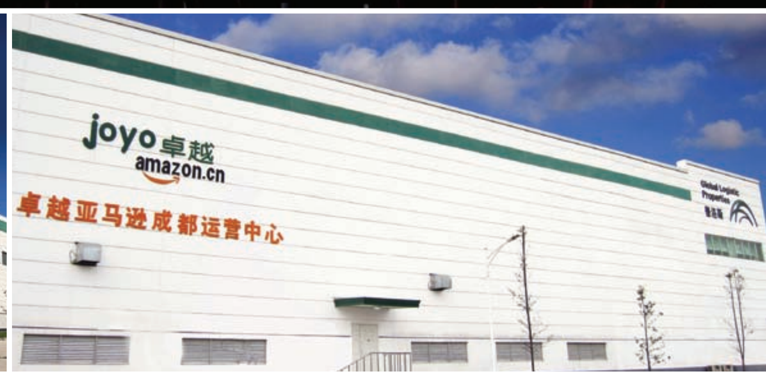
***Co-Lead Managers***

BNP PARIBAS CLSA MACQUARIE
OCBC Bank Standard Chartered UOB 大華銀行


Global Logistic Properties
普洛斯

Global Logistic Properties
普洛斯
DURAVIT

DHL

MAERSK

joyo 卓越
amazon.cn
卓越亚马逊成都运营中心

RENOWN

Global Logistic Properties
住友ゴムグループ
DUNLOP
FALKEN
GOODYEAR

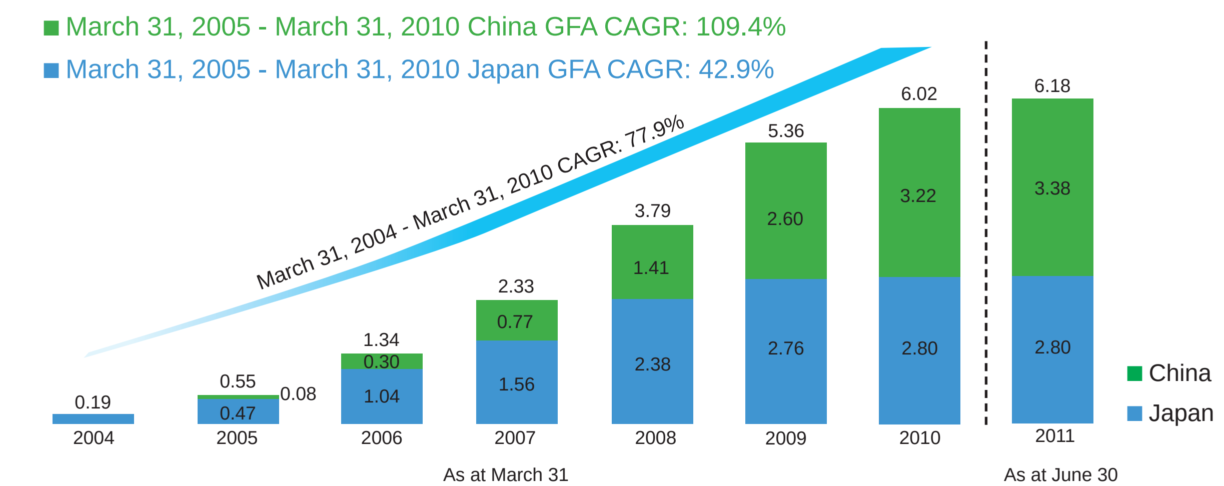
ASKUL

Global Logistic Properties
日立物流

Global Logistic Properties
日本通運

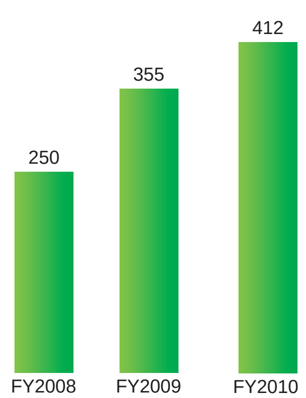
# March 31, 2004 - March 31, 2010
# GFA# CAGR*: 77.9%

## Gross Floor Area (mm sq. m.)

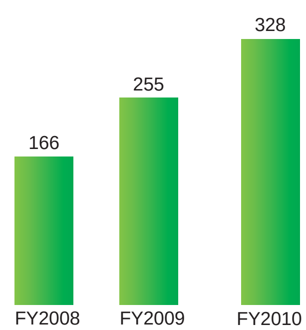



*Note: Indicates growth of the China Portfolio and the Japan Portfolio by aggregate GFA of completed properties as at each of the dates indicated.*

## Total Revenue (US$mm)




## Adjusted EBIT▲ (US$mm)




*Note: Approximate and based on pro forma financial statements for the years ended March 31, 2008, 2009 and 2010. Please refer to "Selected Pro Forma Financial Data" and Appendix M - Unaudited Pro Forma Financial Statements for the Years Ended March 31, 2008, 2009 and 2010 and the Three-Month Period Ended June 30, 2010.*

# Gross Floor Area

* CAGR: Compound Annual Growth Rate

▲ Adjusted EBIT: defined as pro forma earnings before interest, income tax, fair value of investment properties and net non-operating income relating to acquisition/liquidation of subsidiaries and jointly controlled entities

- Serving **Asia's** largest economies
- Network of **25** major cities in China and Japan
- **296** completed properties
- Total GFA[1] of **14** million[2*^] sq. m.
- Development Pipeline[2] of **7.9** million[*^] sq. m.
- Over **250** multi-national and domestic customers


**Our Portfolio Locations**

- CHINA
- JAPAN
- CHINA/JAPAN HEADQUARTERS

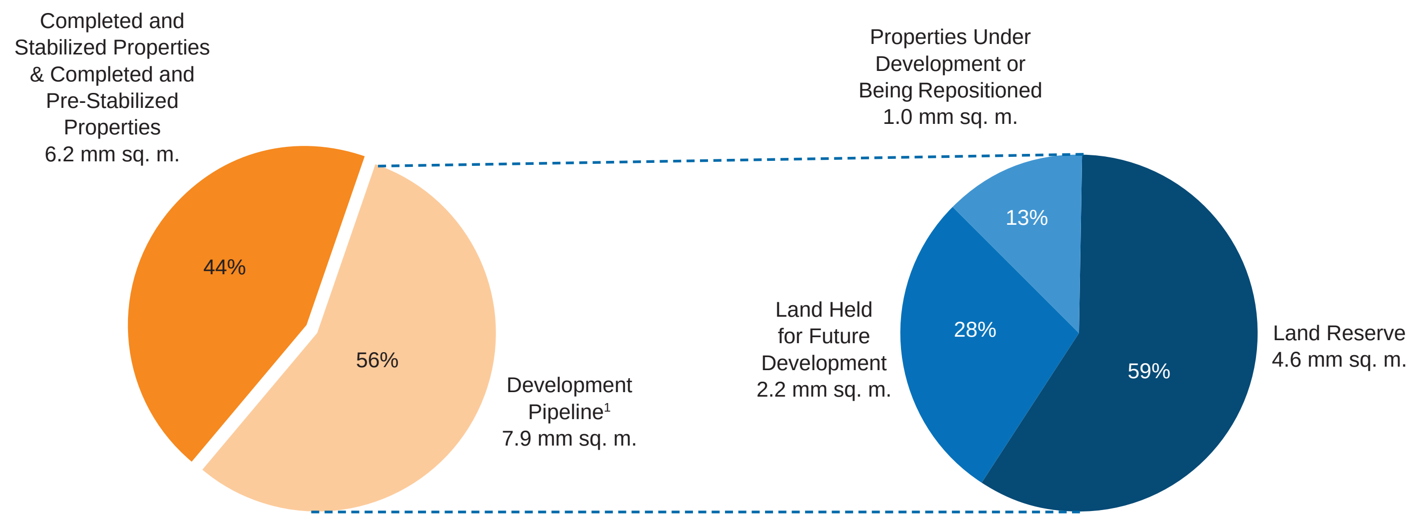
1 Gross Floor Area
2 Includes properties under development or being repositioned, land held for future development and land reserve.

* As at June 30, 2010
^ Based on 100% of the GFA of the properties owned by our subsidiaries and jointly controlled entities, and not just our attributable interest in those properties.

# US$8.9 billion*^ in property value

## Pro forma Net Asset Value of US$6.2 billion#

### Our Total Portfolio*^ / China Development Pipeline*^




14.0 mm sq. m.

7.9 mm sq. m.

*Note: Pie chart figures are approximate.*

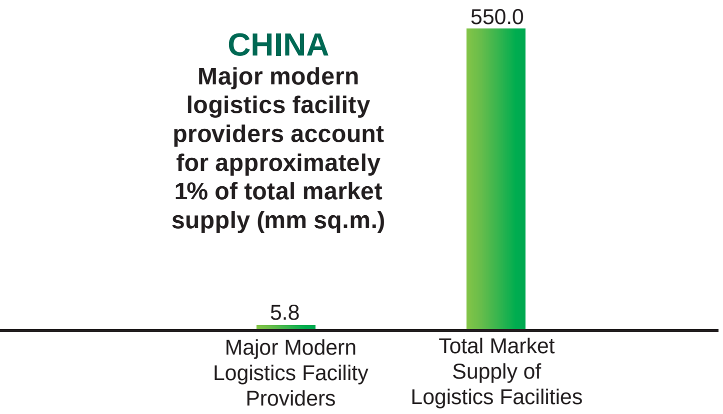
| | No of Properties / Sites | Total GFA (mm sq. m.)(approximate) |
|---|---|---|
| **China Portfolio^** | | |
| Completed and stabilized properties | 216 | 3.0 |
| Completed and pre-stabilized properties | 11 | 0.4 |
| Properties under development or being repositioned[2] | 73 | 1.0 |
| Land held for future development[3] | 39 | 2.2 |
| Land reserve[4] | 54 | 4.6 |
| **China Portfolio Total[5]** | 393 | 11.2 |
| **Japan Portfolio[6]^** | | |
| Completed and stabilized | 69 | 2.8 |
| **Total Portfolio^** | 462 | 14.0 |

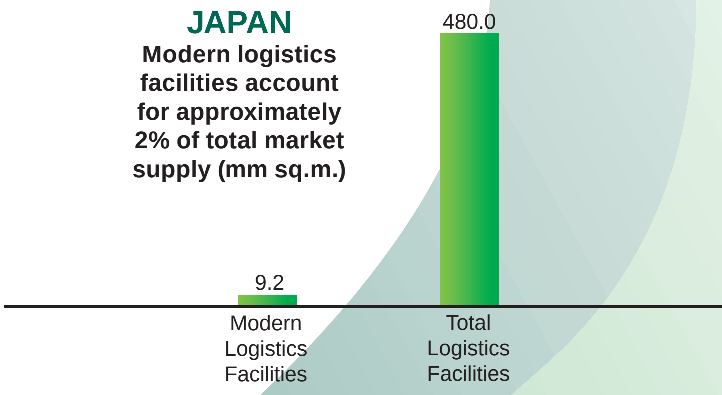
[1] Includes properties under development or being repositioned, land held for future development and land reserve.
[2] Consists of five sub-categories of properties: (i) properties that have commenced development, (ii) a logistics facility that is being converted from a bonded logistics facility to a non-bonded logistics facility, (iii) a logistics facility that is being converted from a non-bonded logistics facility to a bonded logistics facility, (iv) a light manufacturing facility comprising several buildings for which we are currently evaluating the feasibility of conversion of such buildings into a business park or research and development center, and (v) a light industrial and logistics facility which will be upgraded into a standard logistics facility.
[3] Refers to land which we have signed the land grant contract and/or we have land certificate.
[4] Refers to parcels of land in respect of which the relevant PRC subsidiaries and/or their jointly-controlled entities have signed a master agreement, letter of intent, or memorandum of understanding (as the case may be). The acquisition of the relevant parcels of land is subject to (i) a public bidding process, the signing of land grant agreements with the governmental authorities and obtaining of land and/or property title certificates, where the land is to be granted directly from the government authorities; or (ii) the signing of sale and purchase agreement and obtaining of land and/or property title certificates, where the vendor is not a governmental authority.
[5] Including property holding companies and/or properties which have been pledged to financial institutions.
[6] All properties in the Japan Portfolio are subject to security interests of financial institutions in the form of statutory liens (*ippan tanpo*), pledges and/or mortgages.

* As at June 30, 2010
^ Based on 100% of the GFA of the properties owned by our subsidiaries and jointly controlled entities, and not just our attributable interest in those properties.
\# Pro forma figure as of August 31, 2010 based on the Offering Price and assuming the completion of the Corporate Reorganization, the issue of the Cornerstone Shares and the Offering.

# GROWTH DRIVERS

- China's current economic and demographic conditions expected to drive demand for logistics facilities
- Focus on cost reduction and outsourcing, and an increasing customer preference for leasing rather than owning facilities in Japan
- Scarcity of modern logistic facilities in China and Japan




Source: Refer to Appendix A – Industry Overview

# GROWTH STRATEGY

**Strengthen market leadership position and capitalize on significant market opportunities in Asia**

**Increased economies of scale**

**Strategically recycle capital to fund expansion in high-growth markets**

# CHINA
## OUR GROWTH OPPORTUNITY


# JAPAN
## OUR STABLE SOURCE OF CASH FLOWS

# OUR STRENGTHS

- One of the **largest** providers of modern logistics facilities in Asia
- **Leadership** in Asia's two largest economies
- **Scalable** business model
- **Value-added** integrated solutions
- **Well-established** brand and reputation
- **Award-winning** organization
- **Significant embedded value** in the business beyond cash flows
- Well-established track record and **experienced management**

# CONTENTS

## NOTICE TO INVESTORS

No person is authorized to give any information or to make any representation not contained in this offering document, and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us, any of the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Issue Managers (the "Joint Global Coordinators"), the International Underwriters, the Singapore Underwriters or the Lead Manager (together with the Singapore Underwriters and the International Underwriters, the "Joint Underwriters"). Neither the delivery of this offering document nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of our Group since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we, the Vendor and/or Reco Platinum will make an announcement of the same to the SGX-ST and, if required, we, the Vendor and/or Reco Platinum will issue and lodge an amendment to this offering document or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with these sections. Investors should take notice of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes. Unless required by applicable laws (including the Securities and Futures Act), no representation, warranty or covenant, express or implied, is made by us, the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this offering document is, or shall be relied upon as, a promise, representation or covenant by us, the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters, or our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

None of us, the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any investor in our Shares regarding the legality of an investment by such investor under applicable legal investment or similar laws. In addition, investors in our Shares should not construe the contents of this offering document or its appendices as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in our Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in our Shares.

By applying for the Offering Shares on the terms and subject to the conditions in this offering document, each investor in the Offering Shares represents and warrants that, except as otherwise disclosed to the Joint Global Coordinators and Joint Underwriters in writing, he is not (i) a Director or substantial shareholder of the Company, (ii) an associate of any of the persons mentioned in (i), or (iii) a connected client of any Joint Global Coordinator, Joint Underwriter or lead broker or distributor of the Offering Shares.

We, the Vendor and Reco Platinum are subject to the provisions of the Securities and Futures Act and the Listing Manual regarding the contents of this offering document. In particular, if after this offering document is registered but before the close of the Offering, we, the Vendor and Reco Platinum become aware of:

(a) a false or misleading statement in this offering document;

(b) an omission from this offering document of any information that should have been included in it under Section 243 of the Securities and Futures Act; or

(c) a new circumstance that has arisen since this offering document was lodged with the Authority which would have been required by Section 243 of the Securities and Futures

Act to be included in this offering document if it had arisen before this offering document was lodged,

that is materially adverse from the point of view of an investor, we, the Vendor and Reco Platinum may lodge a supplementary or replacement document with the Authority pursuant to Section 241 of the Securities and Futures Act.

Where applications have been made under this offering document to subscribe for and/or purchase the Offering Shares prior to the lodgment of the supplementary or replacement document and the Offering Shares have not been issued and/or transferred to the applicants, we, the Vendor and Reco Platinum shall either:

(a) within seven days from the date of lodgment of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to withdraw their applications; or

(b) treat the applications as withdrawn and cancelled and return all monies paid, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, in respect of any applications received, within seven days from the date of lodgment of the supplementary or replacement document.

Where applications have been made under this offering document to subscribe for and/or purchase the Offering Shares prior to the lodgment of the supplementary or replacement document and the Offering Shares have been issued and/or transferred to the applicants, we, the Vendor and Reco Platinum shall either:

(a) within seven days from the date of lodgment of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to return, to us, the Vendor and Reco Platinum, those Offering Shares that the applicants do not wish to retain title in; or

(b) treat the issue and/or sale of the Offering Shares as void and return all monies paid, without interest or any share of revenue or other benefit arising therefrom, in respect of any applications received, within seven days from the date of lodgment of the supplementary or replacement document.

Any applicant who wishes to exercise his option to withdraw his application or return the Offering Shares issued and/or sold to him shall, within 14 days from the date of lodgment of the supplementary or replacement document, notify us, the Vendor and Reco Platinum whereupon we, the Vendor and Reco Platinum shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk.

Under the Securities and Futures Act, the Authority may in certain circumstances issue a stop order (the "Stop Order") to us, the Vendor and Reco Platinum, directing that no or no further Offering Shares be allotted, issued or sold. Such circumstances will include a situation where this offering document (i) contains a statement which, in the opinion of the Authority, is false or misleading, (ii) omits any information that is required to be included in accordance with the Securities and Futures Act or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

Where the Authority issues a Stop Order pursuant to Section 242 of the Securities and Futures Act, and:

(a) in the case where the Offering Shares have not been issued and/or transferred to the applicants, the applications for the Offering Shares pursuant to the Offering shall be deemed to have been withdrawn and cancelled and we, the Vendor and Reco Platinum, shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Offering Shares; or

(b) in the case where the Offering Shares have been issued and/or transferred to the applicants, the issue and/or sale of the Offering Shares shall be deemed void and we, the Vendor and Reco Platinum shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Offering Shares.

Where monies paid in respect of applications received or accepted are to be returned to the applicants, such monies will be returned at the applicants' own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicants will not have any claim against us, the Vendor, Reco Platinum, the Joint Global Coordinators or the Joint Underwriters.

The distribution of this offering document and the offering, purchase, sale or transfer of our Shares in certain jurisdictions may be restricted by law. We, the Vendor, Reco Platinum, the Joint Global Coordinators and the the Joint Underwriters require persons into whose possession this offering document comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us, the Vendor, Reco Platinum, the Joint Global Coordinators or the Joint Underwriters. This offering document does not constitute an offer of, or an invitation to purchase, any of our Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this offering document has been issued shall not circulate to any other person, reproduce or otherwise distribute this offering document or any information herein for any purpose whatsoever nor permit or cause the same to occur. We, the Vendor and Reco Platinum are entitled to withdraw the Offering at any time before closing, subject to compliance with certain conditions set out in the Underwriting Agreement and the Offer Agreement (both as defined in "Plan of Distribution") relating to the Offering. We, the Vendor and Reco Platinum are making the Offering subject to the terms described in this offering document, the Underwriting Agreement and the Offer Agreement relating to the Offering Shares.

The Offering Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. For the purpose of the Offering, the Offering Shares are being offered in the United States in reliance on Rule 144A to persons who are QIBs. This offering document is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective purchasers to consider the purchase of the Offering Shares. Its use for any other purpose in the United States is not authorized. In the United States, it may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the prospective purchasers to whom it is submitted. There will be no public offering of the Offering Shares in the United States.

The Offering Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any state or foreign securities commission or regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this offering document. Any representation to the contrary is a criminal offense in the United States. In addition, until the date 40 days after the commencement of the Offering, an offer or sale of the Offering Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A as described above.

The Offering Shares are subject to restrictions on transferability and resale and may not be offered, transferred or resold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S), except as permitted under the US Securities Act and applicable state securities laws pursuant to registration or an exemption from, or a transaction not subject to, registration under the US Securities Act and in accordance with the restrictions under "Transfer Restrictions". You should be aware that you may be required to bear the risks of an investment in our Shares for an indefinite period of time. Because of these restrictions, purchasers of the Offering Shares are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offering Shares. See “Transfer Restrictions” for more information on these restrictions.

In connection with the Offering, Reco Platinum has granted the Stabilizing Manager the Over-allotment Option exercisable in whole or in part by the Stabilizing Manager on behalf of the Joint Global Coordinators, the International Underwriters and the Lead Manager on one or more occasions from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 234,648,000 Shares, representing 20% of the total Offering Shares, in undertaking stabilizing actions, to subscribe and/or purchase up to an aggregate of 234,648,000 Shares (representing 20% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. If the Over-allotment Option is exercised in full, the total number of issued and outstanding shares immediately following the Offering will be 4,506,689,664 Shares.

In connection with the Offering, the Stabilizing Manager or its appointed agent may over-allot Shares or effect transactions that stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. These transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, we cannot assure you that the Stabilizing Manager or its appointed agent will undertake any stabilization action. These transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and may not be effected after the earlier of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, or (ii) the date when the Stabilizing Manager or its appointed agent has bought on the SGX-ST an aggregate of 234,648,000 Shares, representing 20% of the total Offering Shares, in undertaking stabilizing action.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## AVAILABLE INFORMATION

So long as any of the Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and we are not subject to and in compliance with Section 13 or 15(d) of the Exchange Act or exempt from such reporting pursuant to Rule 12g3-2(b) thereunder, we will furnish to each holder or beneficial owner of Shares and to any prospective purchaser of such Shares, upon the request of such holder, beneficial owner or prospective purchaser, any information required to be provided by Rule 144A(d)(4) under the US Securities Act.

## FORWARD-LOOKING STATEMENTS

Certain statements in this offering document constitute “forward-looking statements”. All statements other than statements of historical fact included in this offering document, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this offering document reflect our current views with respect to future events and are not a guarantee of future performance. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These include, but are not limited to:

- adverse general global, regional and local economic conditions;
- regulatory developments and changes in the logistics facilities business;
- changes in government regulations, including tax or licensing laws, in the places where we now or in the future operate;
- our ability to successfully execute our business strategies;
- covenants in our credit agreements;
- changes in our need for capital and the availability of financing and capital to fund these needs;
- changes in interest or inflation rates;
- increasing competition in the logistics facilities industry in Asia;
- material defects, breaches of laws and regulations or other deficiencies in our facilities;
- our ability to anticipate and respond to changes in customer demand, trends and preferences;
- man-made or natural disasters, including war, acts of international or domestic terrorism, civil disturbances, occurrences of catastrophic events and acts of God that affect our business or properties;
- our dependence on our senior management team and key personnel;
- environmental risks;
- foreign currency exchange rate fluctuations, including fluctuations in the exchange rates of currencies that are used in our business, including the Singapore dollar, the Chinese Renminbi, the Japanese Yen and the US dollar;
- legal, regulatory and other proceedings arising out of our operations;
- general global, regional and local political and social conditions and government policies in the places where we now or in the future operate;
- other factors beyond our control; and
- other matters not yet known to us.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Dividends", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Discussion and Analysis of Pro Forma Financial Information", "Business" and "Appendix A— Industry Overview". These forward-looking statements speak only as of the date of this offering document. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not intend to update any of the forward-looking statements after the date of this offering document to conform those statements to actual results, subject to compliance with all applicable laws including the Securities and Futures Act and/or rules of the SGX-ST.

## ENFORCEABILITY OF CIVIL LIABILITIES

Our Company is a company with limited liability incorporated under the laws of the Republic of Singapore. All of our current operations are conducted outside of the United States, and all of our assets are located outside of the United States. Most of our Directors and management and most of the directors and management of the Vendor, Reco Platinum and our auditors reside outside the United States. The assets of the Vendor and Reco Platinum are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us, the Vendor, Reco Platinum or such persons or to enforce in the United States any judgment obtained in the United States courts against us, the Vendor, Reco Platinum or any of such persons, including judgments based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States.

There is uncertainty as to whether judgments of courts in the United States based upon the civil liability provisions of the federal securities laws of the United States are recognized or enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States. A final and conclusive judgment in the federal or state courts of the United States under which a fixed sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of Singapore under the common law doctrine of obligation. Civil liability provisions of the US federal and state securities law permit punitive damages against us, the Vendor, Reco Platinum, our Directors and executive officers or the directors and executive officers of the Vendor and Reco Platinum. Singapore courts would not recognize or enforce judgments against us, the Vendor, Reco Platinum, our Directors and executive officers or the directors and executive officers of the Vendor and Reco Platinum to the extent that the judgment is punitive or penal. It is uncertain as to whether a judgment obtained from the US courts under civil liability provisions of the federal securities law of the United States would be determined by the Singapore courts to be or not be punitive or penal in nature. Such a determination has yet to be made by any Singapore court. The Singapore courts will also not be quick to recognize or enforce a foreign judgment if the foreign judgment is inconsistent with a prior local judgment, contravenes public policy, or amounts to the direct or indirect enforcement of a foreign penal, revenue or other public law.

## PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

This offering document contains our audited combined financial statements as of and for the years ended March 31, 2008, 2009 and 2010, our unaudited interim combined financial statements for the three-month periods ended June 30, 2009 and 2010, and our unaudited pro forma financial statements for the years ended March 31, 2008, 2009 and 2010 and for the three-month period ended June 30, 2010.

Our combined financial statements present our financial conditions, results of operations and cash flows as if the Japan Reorganization and the GLPH Reorganization (each as defined in "History and Corporate Reorganization") had occurred as of April 1, 2007, or, if later, the date of incorporation of the relevant entity. Accordingly, the assets, liabilities, results and cash flows of the entities under common control that are acquired by our Group in connection with the Japan

Reorganization and the GLPH Reorganization are included in our Group's combined financial statements as of April 1, 2007, or, if later, the date of incorporation of the relevant entity. We prepare our combined financial statements in accordance with International Financial Reporting Standards ("IFRS"). IFRS differs in certain respects from generally accepted accounting principles in certain other countries, including the United States. Our financial information included in this offering document has not been prepared or presented in compliance with the SEC's published guidelines in Regulation S-X under the US Securities Act for the preparation and presentation of financial information.

In addition, we have prepared and presented our unaudited pro forma financial statements based on our historical combined financial statements as of and for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010, in order to illustrate the effects of the 2009 Acquisition, the GLPH Acquisition, the Change in Capital Structure and all other acquisitions and disposals of companies by our Group since April 1, 2007. Specifically, the 2009 Acquisition, which took place in February 2009, the GLPH Acquisition, which will only be completed immediately prior to the listing of our Company on the Main Board of the SGX-ST, and the Change in Capital Structure, which has taken place subsequent to June 30, 2010, have all been treated as if they have taken place as of the earliest date of the relevant period presented in the pro forma financial information. With respect to the 2009 Acquisition and all other acquisitions of entities since April 1, 2007, we have treated them as having occurred on April 1, 2007, or, if later, the date of incorporation of the relevant entity. With respect to disposals of entities since April 1, 2007, we have reversed any profit or loss pertaining to those entities. See "History and Corporate Reorganization" and note 1 to our pro forma financial statements included in this offering document for a further discussion of the presentation of our pro forma financial statements. The presentation of these pro forma financial statements differs from how pro forma statements would be presented in accordance with Regulation S-X. For a description of the presentation of our pro forma financial statements, and the treatment of acquisitions and disposals subsequent to April 1, 2007 being treated as having occurred on April 1, 2007 (or, if later, the date of incorporation of the relevant entity), see "Summary Pro Forma Financial Information", "Discussion and Analysis of Pro Forma Financial Information" and "Risk Factors—Risks Relating to Our Business and Operations—Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial statements differs from the presentation that would be required by the SEC".

We prepare our combined and pro forma financial statements in US dollars. This offering document contains conversions of US dollar amounts into Singapore dollars solely for the convenience of the reader. Unless otherwise indicated, US dollar amounts in this offering document have been translated into Singapore dollars, based on the exchange rate of S$1.34 = US$1.00, quoted by Bloomberg L.P. on the Latest Practicable Date. However, these translations should not be construed as representations that US dollar amounts have been, would have been or could be converted into Singapore dollars or that Singapore dollar amounts have been, would have been or could be converted into US dollars at those rates or any other rate or at all. See "Exchange Rates and Exchange Controls" for certain historical information on the exchange rate between US dollars and Singapore dollars.

We have included the exchange rate quoted above in its proper form and context in this offering document. Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the exchange rate quoted above and in "Exchange Rates and Exchange Controls" in this offering document and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Underwriters have taken reasonable actions to ensure that the above exchange rates have been reproduced in their proper form and context, neither we, the Vendor, Reco Platinum, the Joint Global Coordinators, Joint Underwriters nor any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

## MARKET AND INDUSTRY INFORMATION

Unless stated otherwise, market data used in this offering document are as of the Latest Practicable Date (as defined herein). Market data used in this offering document under the captions "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Discussion and Analysis of Pro Forma Financial Information" and "Business" have been extracted from official and industry sources and other sources we believe to be reliable. Sources of these data, statistics and information include CB Richard Ellis Limited ("CBRE Limited") and Jones Lang LaSalle K.K. ("JLL Japan", and together with CBRE Limited, the "Industry Consultants").

We commissioned CBRE Limited to prepare the market assessment of the logistics industry and the logistics facility industry in Asia and China included as pages A-2 to A-55 of Appendix A to this offering document. We commissioned JLL Japan to prepare the market assessment of the logistics industry and the logistics facility industry in Japan included as pages A-56 to A-77 of Appendix A to this offering document.

Each of the Industry Consultants has advised us that the statistical and graphical information contained herein under "Appendix A—Industry Overview" has been drawn from its databases and other sources.

The Industry Consultants advise that their forecasts should be regarded as indicative assessments of possibilities rather than absolute certainties, and that the process of making forecasts involves assumptions in respect of a considerable number of variables which are acutely sensitive to changing conditions, variations in any one of which may significantly affect the outcome. The Industry Consultants advise that while they have made certain assumptions with careful consideration of factors known as at the date of this offering document, prospective investors should consider the risk that any of the assumptions may be incorrect or incomplete. The Industry Consultants advise further that these sections contain significant volumes of information which are derived from third-party sources, and that while the Industry Consultants believe that such third-party sources are reliable, the Industry Consultants do not warrant or represent that such information is accurate or correct. Each Industry Consultant accepts liability only to the extent of any error or omission from, or a false or misleading statement in, its section and information derived from its section, and does not accept liability for any omission or statement in any other part of this offering document.

The Industry Consultants are independent companies that carry out business research for the logistics industry and the logistics facility industry from time to time. Their market analysis, surveys and forecasts are used by many of the world's logistics industry and the logistics facility industry companies, financial institutions and government departments. From time to time, we have engaged and/or may engage affiliates of the Industry Consultants to perform valuations, property management services and related work for us, for which we pay them market rates. The Industry Consultants (or any of their directors, officers, employees or affiliates) may, to the extent permitted by law, own or have a position in the securities of (or options, warrants or rights with respect to, or interest in, the shares or other securities of) the Company. In particular, CBRE GRES is a Cornerstone Investor. See "Share Capital and Shareholders — Information on Cornerstone Investors". CBRE Limited has represented to us that, notwithstanding CBRE GRES's participation as a Cornerstone Investor, CBRE Limited is an independently managed and operated affiliate of CB Richard Ellis Group, Inc. (the "CBRE Group"), and the management and operations of CBRE Limited are independent of the management and operations of CBRE GRES.

The Industry Consultants are aware of, and have consented to, the inclusion of their names and reports in this offering document. Such information, data and statistics have been accurately reproduced and, as far as we are aware and are able to ascertain from information published or provided by the Industry Consultants, no facts have been omitted that would render the reproduced information, data and statistics inaccurate or misleading. Reports and industry publication generally state that the information that they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. Although we believe the information that the Industry Consultants supplied is reliable, we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters and our and their affiliates and advisors, have not independently verified and make no representation regarding the accuracy and completeness of this information. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable, have not been independently verified, and none of the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters or us makes any representation as to the accuracy or completeness of this information.

## VALUATIONS, PROPERTY VALUES AND GROSS FLOOR AREA

We have included in this offering document the valuations of our interests in properties. These valuations reflect the market value of the properties at the date of valuation, being generally the estimated amount at which an asset would be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The methodologies used by each of the independent valuers (the "Independent Valuers") of our property interests may differ, and are based on assumptions by the Independent Valuers of facts particular to that property. These valuation reports generally provide that the Independent Valuers have relied on information provided by the entity owning the relevant property (which may not be our subsidiary or an entity over which we have control), and that they do not take responsibility for the accuracy of the information. In particular, the valuations of land reserve in the China Portfolio are indicative only. We do not treat a parcel of land in our land reserve as part of our assets as reflected in our combined financial statements unless and until the relevant PRC subsidiary and/or a jointly-controlled entity acquires the relevant parcel. For more information about the definition of "land reserve", see "Business—Our Portfolio—Portfolio Summary". The methodologies, assumptions and facts relied on by each Independent Valuer and the Independent Valuer's disclaimers are contained in the Independent Valuer's valuation reports and/or valuation certificates which are available for inspection at our office. See "General and Statutory Information—Documents Available for Inspection".

From time to time, we have engaged and/or may engage affiliates of the Independent Valuers to provide management or other services for certain of our properties, for which we pay such affiliates market rates. The Independent Valuers (or any of their directors, officers, employees or affiliates) may, to the extent permitted by law, own or have a position in the securities of (or options, warrants or rights with respect to, or interest in, the shares or other securities of) the Company. In particular, CBRE GRES is a Cornerstone Investor. See "Share Capital and Shareholders — Information on Cornerstone Investors". CB Richard Ellis (Pte) Ltd ("CBRE PL") has represented to us that, notwithstanding CBRE GRES's participation as a Cornerstone Investor, CBRE PL is an independently managed and operated affiliate of the CBRE Group, and the management and operations of CBRE PL are independent of the management and operations of CBRE GRES.

For the fiscal years ended March 31, 2008 and 2009, with respect to our China properties, we used the results of our internal valuation for the purpose of stating our completed investment properties and investment properties being re-positioned at fair value in our combined and pro forma financial statements. Our internal valuations were not inconsistent with the valuations we subsequently obtained from the Independent Valuers. For the fiscal year ended March 31, 2010, we used the valuations of the Independent Valuers in the preparation of our combined and our pro forma financial statements.

We cannot assure you that these valuations and property values reflect accurately the value of our property interests and that our property interests will be realized at such values. See "Risk Factors—Risks Relating to Our Business and Operations—The valuations of our logistics facilities contain assumptions that may not materialize".

We have included in this offering document the gross floor area ("GFA") of our property interests. We determine GFA generally by reference to the built-up area of the property, excluding car park space. For properties under development, the GFA is based on our estimation by reference to, among other things, construction plans, which may change. The GFA of our properties under development, in certain cases, is subject to final verification by survey and regulatory approval. For properties being repositioned, the GFA is based on the current built-up area reflected in the title certificates. For land held for future development and land reserve, the GFA is assumed using certain planning parameters of the land, such as plot ratio and building coverage ratio. Unless otherwise expressly stated, the calculation of GFA and the information derived from GFA amounts (e.g. weighted average contracted rental rate) set forth in this offering document are based on 100% of the GFA of the properties owned by our subsidiaries and jointly controlled entities, and not just our attributable interest in those properties. For more information about the GFA of properties held by our subsidiaries and jointly-controlled entities, see "Business—Our Portfolio—Portfolio Summary" and "Appendix D—Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties".

We have also included in this offering document various operation ratios of our property interests with regard to completed properties:

- "Lease ratio" means the total floor area contracted to be leased as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be) divided by the total net leasable area as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be).
- "Average lease ratio" means the total floor area contracted to be leased over the fiscal years ended March 31, 2008, 2009 or 2010 or the three-month period ended June 30, 2010 divided by the total floor area available for lease over the same period.
- "Weighted average lease terms (original)" means the sum of the product between each lease's floor area contracted to be leased as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be) and the full contractual term of the lease, divided by the total floor area leased as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be).
- "Weighted average lease terms (remaining)" means the sum of the product between each lease's floor area contracted to be leased as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be) and the remaining term of the lease, divided by the total floor area leased as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be).
- "Weighted average contracted rental rate" means, in the case of properties in the China Portfolio, the sum of the product between each lease's floor area contracted to be leased and the contracted rent plus property management fee per sq.m. per day, divided by the total floor area leased as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be); and, in the case of properties in the Japan Portfolio, the sum of the product between each lease's floor area contracted to be leased and the contracted rent plus common area maintenance fee per sq.m. per month, divided by the total floor area leased as at March 31, 2008, 2009 or 2010 or June 30, 2010 (as the case may be).

## CLASSIFICATION OF PROPERTIES

The valuation of each property in the China Portfolio and the Japan Portfolio and presented in this offering document is the valuation given by the Independent Valuers. However, prospective investors should note that our Company uses a different approach for classifying a property's development status from that of JLL Limited, the Independent Valuer for the China Portfolio. Our Company classifies the status of a property based on our internal definition of actual development start date and the estimated completion date and the commercial or business intention with which the property is or will be placed, whilst the Independent Valuer values and classifies the status of a property based on its actual physical status/condition as at the date of valuation. As an example to illustrate this difference, if our Company had commenced construction on a site but then suspended construction because of adverse changes in the global economic outlook during the recent financial crisis, our Company would treat the property as "Land held for future development", while the Independent Valuer would treat the property as "Property under development".

Although the total number of properties and the total GFA of all the properties comprising the China Portfolio as set out in each of the sections “Summary”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Discussion and Analysis of Pro Forma Financial Information”, “Business” and “Appendix D — Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties” are identical, there are nine properties in the China Portfolio whose classification is different as a result of the different classification approaches adopted by our Company and the Independent Valuer. See footnote “*” to “Appendix D — Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties — China”. As a result, the number of properties, the total GFA and the total valuation of properties in sub-categories of properties as set out in each of the sections “Summary”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Discussion and Analysis of Pro Forma Financial Information” and “Business” are different from that which appears in “Appendix D — Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties”.

Prospective investors should also note that any information derived from a particular category of properties such as the GFA of our completed and pre-stabilized portfolio in a particular city in China as a percentage of the total GFA is calculated and presented based on our Company’s classification of properties. Similarly, all derived information, such as the lease ratio, average lease ratio, weighted average lease term and weighted average contracted rental rate, are calculated and presented in the same way.

All of our properties in the Japan Portfolio are completed properties, and accordingly there is no difference between our Company’s classification of such properties and that of CBRE PL, the Independent Valuer for the Japan Portfolio.

The valuation of each property comprising the China Portfolio and the Japan Portfolio and presented in this offering document is the valuation given by the two Independent Valuers. Notwithstanding the differences in the classification of properties in the China Portfolio, the total valuation of the China portfolio is not affected although the value of properties comprising a particular sub-category may be different because of the differences in classification described above.

## CERTAIN DEFINED TERMS AND CONVENTIONS

In this offering document, references to our “Company” are to Global Logistic Properties Limited and, unless the context otherwise requires, the terms “we”, “us”, “our” and “our Group” refer to Global Logistic Properties Limited and its subsidiaries taken as a whole, as if the Corporate Reorganization and the Loan Repayment and Capitalization had been completed.

In this offering document, references to “S$”, “Singapore dollar” or “Singapore cent” are to the lawful currency of the Republic of Singapore, references to “US$”, “United States dollar”, “US dollar” or “US cent” are to the lawful currency of the United States of America, references to “Chinese Renminbi”, “Renminbi” or “RMB” are to the lawful currency of the People’s Republic of China, and references to “¥”, “Japanese Yen” or “Yen” are to the lawful currency of Japan.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The information on our websites or any website directly or indirectly linked to such websites or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this offering document and should not be relied on.

References to our management and Directors are to the management and directors of our Company; references to our “Memorandum and Articles of Association” are to the Memorandum of Association and Articles of Association of our Company; and references to our share capital in “Description of Our Shares” and elsewhere are to the share capital of our Company.

In addition, unless we indicate otherwise, all information in this offering document assumes that (i) the Stabilizing Manager has not exercised the Over-allotment Option; and (ii) no Offering Shares have been re-allocated between the Placement and the Public Offer.

References to the "Latest Practicable Date" in this offering document are to September 15, 2010, which is the latest practicable date prior to the lodgment of this offering document with the Authority.

Certain Chinese names and characters, such as those of PRC entities, properties, cities, governmental and regulatory authorities, laws and regulations and notices, have been translated into English or from English names and characters, solely for your convenience, and such translations should not be construed as representations that the English names actually represent the Chinese names and characters or (as the case may be) that the Chinese names actually represent the English names and characters.

Any reference to dates or times of day in this offering document, the instructions booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore", the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the internet banking websites of the relevant Participating Banks, are to Singapore dates and times unless otherwise stated. Any reference in this offering document, the instructions booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore", the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the internet banking websites of the relevant Participating Banks, to any statute or enactment is to that statute or enactment as amended or re-enacted. Any word defined in the Securities and Futures Act, the Singapore Companies Act, or any statutory modification thereof and used in this offering document has the meaning ascribed to it under the Securities and Futures Act, the Singapore Companies Act or any statutory modification thereof, as the case may be, unless otherwise indicated.

## CORPORATE INFORMATION

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| Company ................................ | Global Logistic Properties Limited |
| Directors ................................ | Ang Kong Hua (*Independent Chairman*) |
| | Jeffrey H. Schwartz (*Deputy Chairman of the Board, Chairman of the Executive Committee and Executive Director*) |
| | Ming Z. Mei (*Chief Executive Officer and Executive Director*) |
| | Dr. Seek Ngee Huat (*Non-Executive Director*) |
| | Lim Swe Guan (*Alternate Director to Dr. Seek Ngee Huat*) |
| | Tham Kui Seng (*Non-Executive Independent Director*) |
| | Wei Benhua (*Non-Executive Independent Director*) |
| | Yoichiro Furuse (*Non-Executive Independent Director*) |
| | Steven Lim Kok Hoong (*Non-Executive Independent Director*) |
| | Dr. Dipak Jain (*Non-Executive Independent Director*) |
| | Paul Cheng Ming Fun (*Non-Executive Independent Director*) |
| Company Secretaries .................. | Wan Tiew Leng, Lynn (FCIS) |
| | Yoo Loo Ping (ACIS) |
| Company Registration Number ....... | 200715832Z |
| Registered Office ....................... | 50 Raffles Place<br>#32-01 Singapore Land Tower<br>Singapore 048623 |
| Principal Place of Business in Singapore............................. | 50 Raffles Place<br>#37-28 Singapore Land Tower<br>Singapore 048623 |
| The Vendor ............................. | Schwartz-Mei Group Limited<br>Cricket Square<br>Hutchins Drive<br>PO Box 2681<br>Grand Cayman<br>KY1-1111 Cayman Islands |
| Grantor of the Over-allotment Option ................................ | Reco Platinum Pte Ltd<br>168 Robinson Road<br>#37-01 Capital Tower<br>Singapore 068912 |
| Share Registrar .......................... | Boardroom Corporate & Advisory Services Pte. Ltd.<br>50 Raffles Place<br>#32-01 Singapore Land Tower<br>Singapore 048623 |

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|---|---|
| Joint Global Coordinators and Joint Issue Managers ....................... | Citigroup Global Markets Singapore Pte. Ltd.<br>3 Temasek Avenue #17-00<br>Centennial Tower<br>Singapore 039190<br><br>J.P. Morgan (S.E.A.) Limited<br>168 Robinson Road<br>17th Floor Capital Tower<br>Singapore 068912 |
| Joint Bookrunners and International Underwriters .......................... | Citigroup Global Markets Singapore Pte. Ltd.<br>3 Temasek Avenue #17-00<br>Centennial Tower<br>Singapore 039190<br><br>J.P. Morgan (S.E.A.) Limited<br>168 Robinson Road<br>17th Floor Capital Tower<br>Singapore 068912<br><br>China International Capital Corporation Hong Kong Securities Limited<br>29th Floor<br>One International Finance Centre<br>1 Habour View Street<br>Central<br>Hong Kong<br><br>DBS Bank Ltd.<br>6 Shenton Way<br>DBS Building Tower One<br>Singapore 068809<br><br>UBS AG, Singapore Branch<br>One Raffles Quay<br>#50-01, North Tower<br>Singapore 048583 |
| Joint Bookrunners and Singapore Underwriters .................. | Citigroup Global Markets Singapore Pte. Ltd.<br>3 Temasek Avenue #17-00<br>Centennial Tower<br>Singapore 039190<br><br>J.P. Morgan (S.E.A.) Limited<br>168 Robinson Road<br>17th Floor Capital Tower<br>Singapore 068912<br><br>China International Capital Corporation (Singapore) Pte. Limited<br>6 Battery Road #39-04<br>Singapore 049909<br><br>DBS Bank Ltd.<br>6 Shenton Way<br>DBS Building Tower One<br>Singapore 068809 |

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| | UBS AG, Singapore Branch<br>One Raffles Quay<br>#50-01, North Tower<br>Singapore 048583 |
| Lead Manager and Joint Underwriter.. | Nomura Securities Singapore Pte. Ltd.<br>5 Temasek Boulevard<br>Suntec Tower Five #11-01<br>Singapore 038985 |
| Co-Lead Managers..................... | BNP Paribas Capital (Singapore) Ltd.<br>20 Collyer Quay<br>#01-01 Tung Center<br>Singapore 049319 |
| | CLSA Singapore Pte Ltd<br>80 Raffles Place<br>#18-01, UOB Plaza 1<br>Singapore 048624 |
| | Macquarie Capital Securities (Singapore) Pte. Limited<br>23 Church Street<br>#11-11 Capital Square<br>Singapore 049481 |
| | Oversea-Chinese Banking Corporation Limited<br>65 Chulia Street<br>#26-00 OCBC Center<br>Singapore 049513 |
| | Standard Chartered Securities (Singapore) Pte Ltd<br>6 Battery Road, #10-05<br>Singapore 049909 |
| | United Overseas Bank Limited<br>80 Raffles Place<br>UOB Plaza<br>Singapore 048624 |
| POWL Coordinator .................... | Nomura Securities Co., Ltd.<br>9-1 Nihonbashi 1-chome<br>Chuo-ku<br>Tokyo 103-0027<br>Japan |
| Legal Adviser to our Company, to the Vendor and to the Grantor of the Over-allotment Option as to Singapore Law....................... | Allen & Gledhill LLP<br>One Marina Boulevard #28-00<br>Singapore 018989 |
| Legal Adviser to our Company and to the Grantor of the Over-allotment Option as to US Federal Securities Law and New York Law ........... | Clifford Chance<br>28th Floor, Jardine House<br>One Connaught Place<br>Hong Kong SAR |

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|---|---|
| Legal Adviser to the Joint Global Coordinators and Joint Issue Managers, and Joint Bookrunners and Joint Underwriters as to Singapore Law........................ | WongPartnership LLP<br>One George Street #20-01<br>Singapore 049145 |
| Legal Adviser to the Joint Global Coordinators and Joint Issue Managers, and Joint Bookrunners and Joint Underwriters as to US Federal Securities and New York Law .................................... | Allen & Overy LLP<br>24 Raffles Place #22-00<br>Clifford Centre<br>Singapore 048621 |
| Independent Auditors................... | KPMG LLP<br>16 Raffles Quay<br>#22-00 Hong Leong Building<br>Singapore 048581<br>Partner in charge: Eng Chin Chin<br>(a member of the Institute of Certified Public Accountants of Singapore) |
| Receiving Bank .......................... | DBS Bank Ltd.<br>6 Shenton Way<br>DBS Building Tower One<br>Singapore 068809 |
| Principal Bankers ....................... | Bank of China<br>Pudong Branch<br>838 Zhangyang Road<br>Shanghai<br>PRC |
| | Bank of Communications<br>Shanghai Branch<br>99 Huaihai Road East<br>Shanghai<br>PRC |
| | Sumitomo Mitsui Banking Corporation<br>1-1-2 Yuraku-cho<br>Chiyoda-ku, Tokyo 100-0006<br>Japan |
| | Bank of Tokyo Mitsubishi UFJ<br>Toranomon Commercial Banking Office<br>1-4-2 Toranomon<br>Minato-ku, Tokyo 105-0001<br>Japan |

## SUMMARY

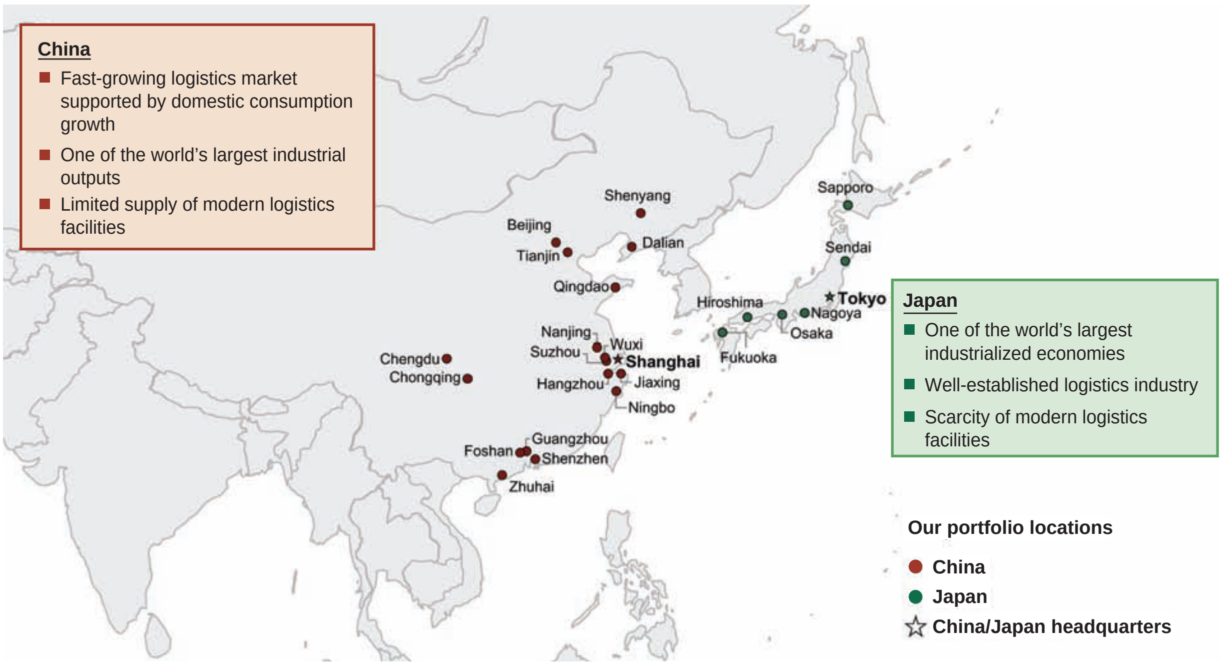
*This summary highlights information contained elsewhere in this offering document and may not contain all of the information that may be important to you, or that you should consider before deciding to invest in the Offering Shares. You should read this entire offering document, including our financial statements and related notes and the section entitled "Risk Factors", before making a decision to invest in the Offering Shares.*

## OVERVIEW

We are one of the largest providers of modern logistics facilities in Asia. We are the leading modern logistics facility provider in China and Japan by floor area. China and Japan are Asia's two largest economies and China is one of Asia's fastest-growing logistics markets. Our early mover advantage in these markets has allowed us to establish our presence in strategically located sites across key gateway cities in these countries. For a discussion of what constitutes a "modern" logistics facility in China and Japan, respectively, see "Appendix A—Industry Overview" included herein.

We own, manage and lease out an extensive network of 296 completed properties within 122 integrated parks (including 120 logistics parks and two light assembly facilities parks) with a GFA of approximately 6.2 million sq. m. (see chart on next page) as of June 30, 2010. In China, we also have interests in an additional 1.0 million sq. m. of properties under development or being repositioned and over 2.2 million sq. m. of GFA under land held for future development. In addition, we also have approximately 4.6 million sq. m. of GFA under land reserve. Our network is spread across 25 major cities in China and Japan, as further described in "Business—Our Portfolio". Each of our parks is strategically located within key logistics hubs and near major seaports, airports, transportation hubs or industrial zones in the greater metropolitan areas of China and Japan. The size and geographic reach of our portfolio, as illustrated below, allow us to meet our customers' business and expansion needs in multiple locations, offering a significant competitive advantage.

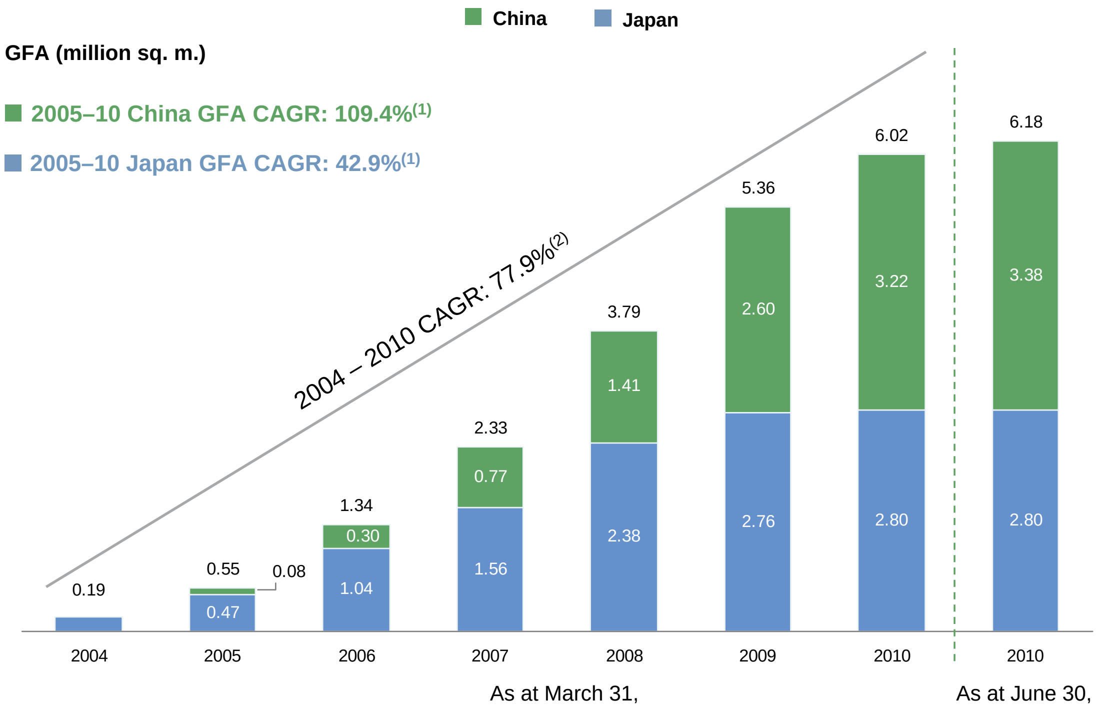
**Our extensive network reflects our leadership position**




Our portfolio of modern facilities and our offering of logistics facilities-related services allow us to meet the requirements of large multi-national companies as well as leading domestic customers. In addition, our stabilized assets in Japan provide us with a recurrent source of capital to fund our strategic growth in China, enhancing our flexibility to respond decisively to acquisition and development opportunities.

**Proven track record of growth**

Key members of our management team have proven track records of developing and managing logistics facilities. Our portfolio grew from 0.19 million sq. m. at the end of fiscal year ended March 31, 2004 to 6.02 million sq. m. at the end of fiscal year ended March 31, 2010, representing a CAGR of 77.9%. The following chart shows the growth of the China Portfolio and the Japan Portfolio by aggregate GFA of completed properties as at each of the dates indicated.

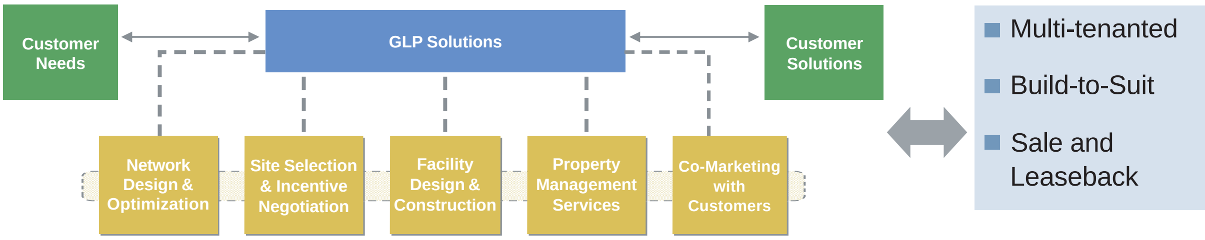



(1) For the period from March 31, 2005 to March 31, 2010
(2) For the period from March 31, 2004 to March 31, 2010

We are managed by a team that includes industry specialists with public company experience led by Jeffrey H. Schwartz, the former Chairman and CEO of ProLogis. Our team has end-to-end capabilities that allow us to comprehensively cater to our customers' needs.

We offer value-added services including facility design, site selection, network optimization, property management and co-marketing with customers, such as magazine advertising featuring Joyo Amazon. We offer a broad range of logistics facility-related solutions spanning various segments including multi-tenanted facilities, build-to-suit/single-tenanted facilities and facilities under sale and leaseback arrangements and are one of the few providers of modern logistics facilities in China and Japan. Our customers include both established multi-national and domestic brands, including Wal-Mart China, DHL, FedEx, UPS, Joyo Amazon, Sony, Panasonic, Yum!, Deppon Logistics, Shanghai Pharma, Hitachi Transport System and Nippon Express.

The following chart shows the logistics facility-related services that we offer to our customers and our ability to provide solutions across the entire logistics facility value chain.




## Our operating environment and growth strategy

Our existing operations are in China and Japan, and our strategy will continue to be Asia-focused. Asian economies have grown faster than economies in other regions in the world over the past five years, and we believe that the potential for growth in Asia is substantial (See "Appendix A—Industry Overview" included herein). For example, while GDP growth rates in the United States and the Euro zone were stagnant or negative in 2008 and 2009, China's GDP has continued to grow strongly during those periods, with 9.6% growth in 2008 and 9.1% growth in 2009.

The International Monetary Fund estimates that within five years, Asia's economy will be approximately 50% larger (in purchasing-power-parity terms) than it is today and that by 2030, Asian economies' GDP will exceed that of the "Group of Seven" industrialized countries in aggregate.(1) We intend to continue to focus our business on Asia in order to capitalize on this growth opportunity, and in particular in China. When suitable opportunities arise, we intend to selectively expand our business in other Asian growth markets where we do not currently operate, such as India and Vietnam.

## China – Our Growth Opportunity

We believe that there are substantial opportunities for growth in the Chinese market for logistics facilities. The logistics market in China has grown at a CAGR of 12.4% from 2005 to 2009 to reach a market size of approximately RMB 6,083 billion (US$894 billion) in 2009. See "Appendix A—Industry Overview" included herein. The provision of logistics facilities has been one of the industries supported by the National Development and Reform Commission since 2005. We expect China's current economic and demographic conditions to drive demand for logistics facilities.

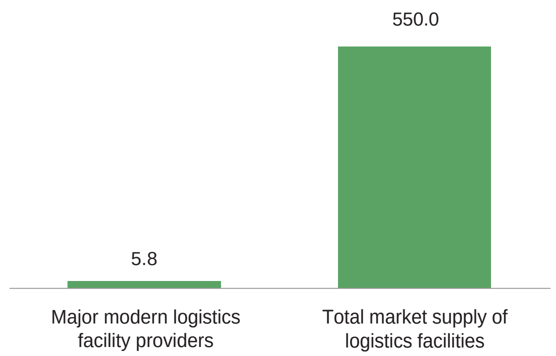
In our view, the current supply of logistics facilities in China is insufficient, in terms of both number and quality of existing facilities, to address the growth in demand that we expect in the Chinese market. As a basis of comparison, the supply of logistics facilities in the United States is approximately 14 times greater, by GFA per capita, than that of China. We also believe that a large proportion of the existing logistics facilities in China are not built to modern standards and we expect their replacement to accelerate along with China's rapid urbanization. In addition,

(1) Source— Singh, A., "Asia Leading the Way", Finance & Development, June 2010. Anoop Singh has not provided his consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information cited and attributed to him in this document, and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from the relevant report issued by Anoop Singh has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such report, neither we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters or any other party has conducted an independent review of the information contained in these reports or verified the accuracy of the contents of the relevant information. Please see "General and Statutory Information—Sources".

major modern logistics facility providers account for approximately 1.0% of total market supply. See "Appendix A—Industry Overview" included herein. Among these providers, we have established clear market leadership by floor area with a portfolio of modern logistics facilities that the China Association of Warehouses and Storage recognized in July 2010 as the largest in China. Our portfolio's GFA is approximately four times larger than that of the second largest modern logistics facility provider in China.

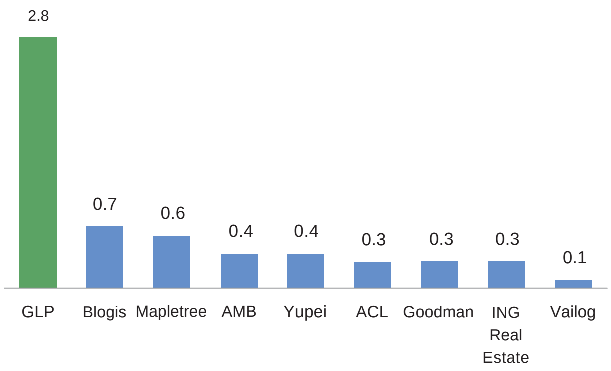
The following chart shows the size of the China Portfolio of modern logistics facilities (completed facilities only) compared to the portfolios of certain other modern logistics facilities providers, by GFA.

**Major modern logistics facility providers account for approximately 1.0% of total market supply (million sq. m.)**




Source: Please refer to Appendix A—Industry Overview

**Completed portfolio of major modern logistics facility providers in China (million sq. m.)**

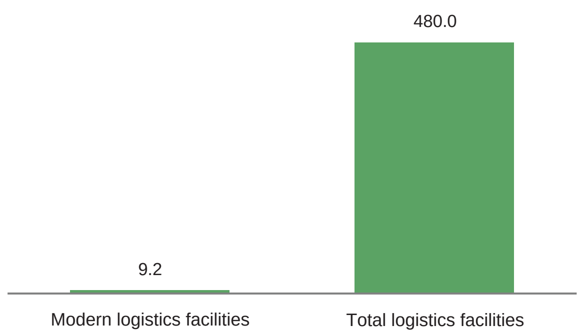



Source: Please refer to Appendix A—Industry Overview

## Japan – Our Stable Source of Cash Flows

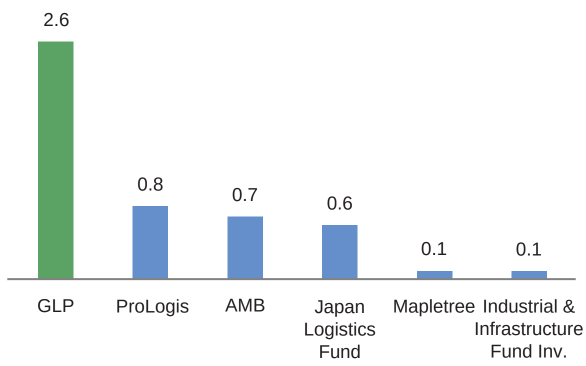
Japan is one of the largest economies in Asia and among the three largest economies in the world. The logistics industry in Japan is well-established, and according to the Japan Institute of Logistics Systems, had a market size of ¥46.0 trillion (US$515.0 billion) for the 12-month period ended March 31, 2008[(2)]. Modern logistics facilities however account for approximately 2% of the total market supply. Among these modern facilities providers, we are the market leader in the modern logistics facilities segment, with a market share that is more than three times as large as that of our nearest competitor by net leasable area ("NLA") as the chart below shows.

**Modern logistics facilities account for approximately 2% of total market supply (million sq. m.)**




Source: Please refer to Appendix A—Industry Overview.

**Net leasable area of major modern logistics facility providers in Japan (million sq. m.)**




Source: Please refer to Appendix A—Industry Overview.

Our focus in Japan has been on maintaining a modern portfolio of high-specification facilities that generate strong recurring cash flows. The strong financial performance of our facilities in Japan is underpinned by the following key characteristics:

- Consistently high lease ratio averaging 99.5% for the period from September 2002 to June 2010.
- High historical customer retention ratio of 84.5% for the period from September 2002 to June 2010.
- WALE of 6.6 years as of June 30, 2010, providing comparative cash flow predictability.

While the Japanese logistics facilities industry is well-established, we believe that there are dynamics within the industry—such as the scarcity of large, modern, efficient and network-integrated logistics facilities, focus on cost reduction and outsourcing, and an increasing customer preference for leasing rather than owning facilities—that will shape its development in the future. We intend to capitalize on these market dynamics to selectively

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(2) Source—Japan Institute of Logistics Systems; Logistics Investigation Report (March 2010). The Japan Institute of Logistics Systems has not provided its consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information cited and attributed to it in this document, and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from the relevant report issued by Japan Institute of Logistics Systems has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such report, none of the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters, us or any other party has conducted an independent review of the information contained in these reports or verified the accuracy of the contents of the relevant information. Please see "General and Statutory Information—Sources".

expand our network of facilities across the country and maintain our share of the Japan logistics facilities market.

## RECENT DEVELOPMENTS

### Potential Strategic Transaction

On August 2, 2010, we entered into a framework agreement to acquire two companies that own in aggregate approximately 53% equity interest in a company that owns certain strategically located assets in a first-tier city in China. The potential transaction would provide us with both completed properties and a substantial land portfolio in a strategic location.

The consummation of the transaction is subject to a number of conditions, including satisfactory due diligence of the target properties and sellers, successful negotiation and entry into a sale and purchase agreement and successful consummation of the Offering. In the event that the conditions are satisfied, the consummation of this transaction could occur soon after the settlement of the Offering.

The framework agreement provides that the consideration for the sale and purchase of the target will be determined by reference to the net asset value of the target group. In this regard, we contemplate that the consideration will be determined by reference to the value of the total assets and liabilities of the target group (at the time of closing of the acquisition after satisfactory due diligence), which would subsequently be adjusted by reference to a completion audit. The consideration for the sale and purchase would be approximately US$335 million. 70% of the consideration would be satisfied by the issuance of new Shares and 30% of the consideration would be satisfied in cash. We also contemplate that the new Shares to be issued to the sellers will be determined by reference to the weighted average trading price of the Shares prior to the signing of the formal sale and purchase agreement. We intend to fund the cash portion of the consideration with the proceeds from the Offering, cash generated from operations and borrowings.

It is the parties' intention that the target will dispose of one of its subsidiaries after we complete our acquisition of the target, because the subsidiary's assets are not part of our core business. As the consideration for this acquisition does not take into account the value of the subsidiary to be disposed of, following the disposal (which is due to occur after the completion of our acquisition of the target) we will be required to repay to the sellers approximately US$86 million (which represents our portion of the sale proceeds from the disposal).

If the acquisition is consummated, investors in the Offering will experience dilution arising from the issuance of the new Shares to the sellers. We expect the equity component of the purchase consideration not to exceed 5.0% of our issued share capital following the listing of our Company on the Main Board (to standardize wage) of the SGX-ST. Any Shares issued as consideration for this transaction will be subject to a 180-day lock-up after the date of completion of the transaction.

### Other Transactions

During the period from July 1, 2010 to September 15, 2010, we (i) acquired two additional land plots with an aggregate estimated value of US$8.1 million, (ii) signed a supplementary land grant contract to return to the government a portion of the Chongqing II plot valued at US$2.9 million, and (iii) signed a land swap agreement for certain Xiuzhou properties valued at US$6.9 million; the land swap process is underway. In addition, we are currently finalizing land grant contracts for two plots of land reserve, with an aggregate estimated value of US$6.2 million.

## OUR STRENGTHS

### We are one of the largest providers of modern logistics facilities in Asia

We are one of the largest providers of modern logistics facilities in Asia and the leading modern logistics facility provider in China and Japan by floor area. We believe that having one of the largest networks of strategically located modern logistics facilities in Asia and a leading presence in Asia's two largest economies offers us a number of strategic benefits:

- "Network effect" – the geographic reach of our network and the number, size, location and quality of our facilities allows customers to expand within our logistics parks as well as across our network locations as their businesses grow. For example, over the past three years, Deppon Logistics has increased the GFA it leases from us from approximately 3,000 sq. m. in Chongqing to more than 30,000 sq. m. across six cities in China.

- Diversified earnings base – the scale of our network helps us to achieve revenue diversity, with over 250 established customers spread over eight end-user industry sectors, as well as geographic coverage within China and Japan.

- Economies of scale – being one of the largest providers of modern logistics facilities in Asia offers us cost efficiencies in terms of negotiating construction contracts and facility management contracts and optimizing personnel resources and information systems.

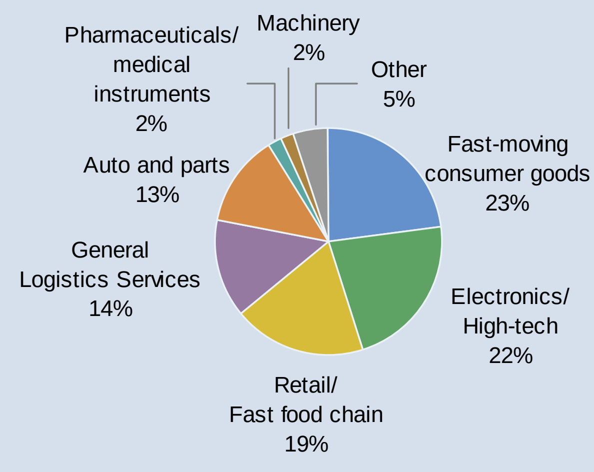
### Leadership in Asia's two largest economies

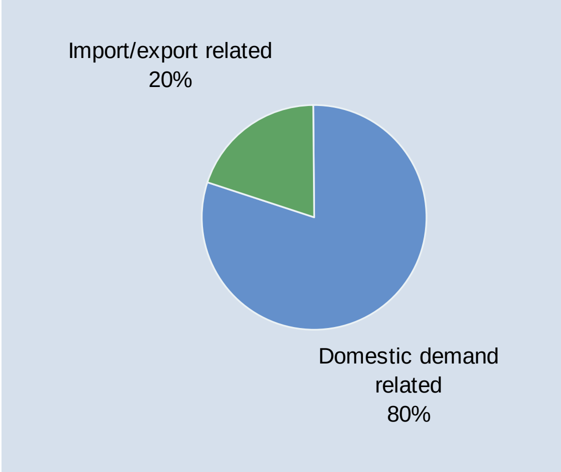
***China – One of Asia's fastest growing logistics markets***

China offers an attractive market opportunity, driven by strong demand for modern logistics facilities:

- **Significant growth potential driven by growth in China's domestic consumption**: With a large and rapidly growing middle-income population, China is becoming one of the world's largest consumer markets (See "Appendix A—Industry Overview" included herein). Our China Portfolio is located in cities serving regions which account for more than half of China's GDP and we expect that growth in China's domestic consumption will generate opportunities for us to provide modern logistics facilities to support an increase in the volume of consumer goods that need to be transported and distributed in a cost and time-efficient manner. As of June 30, 2010, approximately 80% of our logistics facilities in China by leased area supply catered to domestic demand. Most of the end-industry sectors that our customers serve are closely related to domestic consumption.

**Leased area for completed logistics properties by end user industry and demand type**




Note: As at June 30, 2010

- **Limited supply of logistics facilities, in particular modern logistics facilities**: We believe that the current supply of logistics facilities in China is insufficient, in terms of both quantity and quality, to address the expected growth in demand. The current supply of logistics facilities in terms of GFA per capita in the United States is approximately 14 times that of China (See "Appendix A—Industry Overview" included herein). We believe over 75% of existing logistics facilities in China are unable to serve current logistics requirements.

- **Strong and sustained growth in industrial output and economic activity**: Growth in production output at a steady pace and a strong export-oriented market create further opportunities for us to attract customers in the industrial and manufacturing sectors. In addition, we expect growth in production output in China to drive the expansion or relocation of companies and industries from China's coastal cities to second- and third-tier cities further inland, creating additional opportunities for us to provide logistics facilities to our customers in new locations.

***Japan – Well established logistics market***

The logistics industry in Japan is well-established, and according to the Japan Institute of Logistics Systems had a market size of ¥46.0 trillion (US$515.0 billion) for the 12-month period ended March 31, 2008.[(3)] We are the leading modern logistics facility provider by floor area in Japan and we derive positive and stable cash flows from the Japan Portfolio. We intend to use the cash that the Japan Portfolio generates for our expansion plans in China and the rest of Asia. We expect that Japan's position as China's largest trading partner in Asia will generate cross-border marketing opportunities and other "network effects" for us.

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(3) Source—Japan Institute of Logistics Systems; Logistics Investigation Report (March 2010). The Japan Institute of Logistics Systems has not provided its consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information cited and attributed to it in this document, and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from the relevant report issued by Japan Institute of Logistics Systems has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such report, none of the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters, us or any other party has conducted an independent review of the information contained in these reports or verified the accuracy of the contents of the relevant information. Please see "General and Statutory Information—Sources".

At the same time, the Japan logistics market also presents an attractive opportunity for us, driven by the following factors:

- **Scarcity of modern logistics facilities**: The majority of existing logistics facilities are small and old. Facilities of more than 10,000 sq. m. of GFA under 10 years of age account for less than 6.5% of current supply.
- **Continued growth in the third party logistics provider ("3PL") industry**: There has been a growing emphasis by corporates to focus on core operations and cost reductions, resulting in an overall 16.6% growth in the 3PL industry from 2005 to 2009. Industries such as internet/ mail order services which grew by 93.8% by revenues from 2005-2009 have further fuelled the demand for large, modern and efficient facilities.
- **Attractive opportunities for new developments**: We are well positioned to capitalize on development opportunities in Japan, given the development expertise our team has acquired over the past decade. We believe that in 2011 supply and demand dynamics will make development attractive. Having one of the largest logistics facility networks in Japan gives us increasing opportunities to serve our customers in their expansion and supply chain re-configuration requirements.

**A scalable business model**

Compared to other real estate segments, the inherent characteristics of the logistics real estate sector, coupled with our efficient development practices, result in shorter gestation and cash conversion cycles. In our experience, the time required to develop and stabilize a typical logistics facility is substantially less than the time required to develop and stabilize typical retail and office properties. Once stabilized, these assets can serve as a recurrent source of internal cash flows. As such, we are able to realize our cash returns earlier compared to other real estate segments, and these recurring cash flows can be re-invested to accelerate growth in the business. A shorter cash conversion cycle also minimizes the risk profile of the business as it reduces exposure to economic cycles.

The scalability of our business model gives us the advantage of being able to continue building on our leadership position to capitalize on the significant market opportunities in Asia for modern logistics facilities, as well as to meet our customers' expansion needs efficiently.

**Value-added integrated solutions**

We offer our customers a comprehensive suite of logistics facility-related solutions and products, including multi-tenanted, build-to-suit and sale and leaseback facilities. Our in-house capabilities span the entire logistics facilities value chain from facility design and development to property management, leasing and marketing, offering our customers comprehensive solutions to meet their operational and financial needs.

As a result of our end-to-end capabilities in development and property management, we have been able to adopt a master-planned approach to our logistics parks in China, which comprises the following key features:

- Extensive feasibility studies on the relevant region, city and specific project. Our investment process is research-driven, disciplined and institutionalized.
- Before and throughout the development process, we work closely with local governments to understand their needs and aspirations to develop a master plan for a logistics park that is economically viable. This encourages local governments to invite us to bid for strategically located sites that provide better cost and time efficiencies for our customers. This, in turn, has helped us create a sizeable land reserve that our competitors may not be able to replicate.

- We are also closely involved in the project development process to ensure adherence to the development schedule. Our facilities are built to rigorous specifications meeting the requirements of leading multi-national and domestic customers.
- Once we have completed a facility, to ensure the quality of the development is maintained, we provide ongoing asset and property management and customer services, including regular maintenance checks.

**Well-established brand and reputation**

As a leading provider of modern logistics facilities in China and Japan, we have a strong reputation with logistics facilities customers in these markets which helps to promote brand recognition. Our brand helps us attract new customers. Our management team's extensive experience and in-depth understanding of our customers allow us to also respond swiftly to their needs.

We set ourselves high standards, both in terms of the quality of our logistics facilities as well as the service we provide to our customers. As a result, the Global Logistic Properties brand is associated with quality, responsiveness and excellence. This is reflected by our high historical customer retention ratios, which, in turn, reflect customer demand for the facilities and services that we provide.

**Award-winning Organization**

Our management team has been recognized and validated by independent third party agencies both in Asia as well as globally. In 2007, our China subsidiary, then led by our current management team, was recognized by the Euromoney's Liquid Real Estate Awards as "Best Developer in China". In 2008, our current management team led the winner of the Euromoney Real Estate Awards' "Best Industrial/Warehouse Developer in Asia". In 2009, we were recognized by Euromoney's Real Estate Awards as "Best Industrial Developer in Asia" and "Best Industrial Developer in China". We recently attained global recognition by Euromoney's 2010 Real Estate Awards, receiving the "Best Industrial/Warehouse Developer" award in the global category, "Best Industrial/Warehouse Developer in Asia" in the regional category and "Best Developer in China" in the country category. The China Association of Warehouses and Storage recognized us as the top modern warehouse in China in 2010, and named 10 of our logistics parks in China "Five-Star Warehouse Properties" in 2009. The China Communication and Transport Association listed 10 of our logistics parks in the "Top 50 Logistics Parks in China" in 2009. For a discussion of the history of our Company, including our management team, see "History and Corporate Reorganization".

**Significant embedded value in the business beyond pure cash flows**

There is significant long-term value embedded in several aspects of our business.

- ***Rezoning/reclassification of land.*** Our "early-mover" advantage in China has allowed us to gain a foothold in strategically located sites in key gateway cities. If we were to agree to a relevant government authority's request to re-zone a plot of our land to residential/commercial use, we might be unable to use the plot for a logistics facility but we might still benefit, for example, from the cash consideration (if we relinquish the land). Some of our existing sites are located within key infrastructure hubs or at city limits, which may be developed into high-end residential districts or business parks.
- ***Room for growth in asset values.*** China's rapid urbanization means that real estate assets at city outskirts have significant value uplift potential as cities expand further outward. Recent regulations providing avenues for insurance companies in China to invest in the real estate sector may enhance future investments and value appreciation in logistics facilities.

- ***Monetization of stabilized asset base.*** Potential to monetize our extensive stabilized portfolio, particularly in Japan, allows us to pursue development activities in high growth markets. For example, we could redeploy proceeds from the sale of stabilized logistics facilities to a fund or a real estate investment trust ("REIT"), to increase our high return development business.

- ***Potential to generate fee-based income.*** Potential stream of fee income, such as asset and investment management fees derived from acquiring and managing properties, further diversifies and de-risks our earnings base.

**Well-established track record and experienced management**

We have a well-established track record, a commitment to excellence and local market knowledge. Our investment committee evaluates projects according to a pre-agreed and consistent set of investment criteria.

Our management team is led by industry specialists with public company experience and knowledge of global industry best practices:

- Jeffrey H. Schwartz, our Deputy Chairman of the Board, Chairman of the Executive Committee and Executive Director, and the co-founder of GLPH, joined ProLogis, a NYSE-listed Fortune 500 company, in 1994, and held various executive roles, rising to Chief Executive Officer in 2005 as well as Chairman of the Board in 2007. While at ProLogis, Mr. Schwartz spearheaded its entry into the European markets in 1997. Mr. Schwartz later also established ProLogis' Asia platform in 2002, initially in Japan and eventually progressing to China and Korea.

- Ming Z. Mei, our CEO and Executive Director, and the co-founder of GLPH, was formerly the Chief Executive Officer of ProLogis for China and Asian Emerging Markets. He opened ProLogis' first office in China in 2003 and built up our China operations to their current scale. Mr. Mei has approximately 15 years of experience in real estate, land acquisition, construction and asset acquisitions.

- Masato Miki, President of our Japan operations, was formerly President and Co-CEO of ProLogis Japan. Since joining in 2002, Mr. Miki was instrumental in turning ProLogis Japan into a prominent player in the Japan logistics facility market. Mr. Miki has over 23 years of experience in real estate development and financing.

All of our senior management and substantially all of our professional staff were previously employed by ProLogis. Many of them also have significant international logistics and industrial property development and management experience.

## STRATEGY

**Strengthen our market leadership position and capitalize on the significant market opportunities in Asia**

We will continue to focus on our core markets of China and Japan. Our strategy in Asia is as follows:

- *Further develop our portfolio to leverage on the rapid growth in domestic consumption in China.* We intend to expand our business by developing new facilities in accordance with our research driven, disciplined investment process as well as our master planned approach to development. We plan to acquire additional land bank in strategic locations and cities, targeting logistics hubs in both developed and high growth areas in order to capture the growth in China's domestic consumption. As of the Latest Practicable Date, there is no specific development of new facilities in China (other than those listed in Appendix D or referred to in "Business—Recent Developments") or acquisition of land bank in China to which we have committed any portion of the proceeds of the Offering. Following our listing on the SGX-ST, we will disclose any such developments through announcements in accordance with the disclosure requirements under the SGX-ST listing rules.

- *Continue to build on our "network effect".* We have an extensive base of multi-national and domestic customers, many of whom are lessees in more than one of our logistics facilities. With a growing presence in 25 cities across China and Japan, our customers can benefit from our ability to offer them logistics solutions in multiple cities to which they plan to expand. This "network effect" allows us to expand together with our clients to achieve greater customer loyalty and higher occupancy rates for our properties. We expect a significant part of this growth to be driven by the expansion of our customer base as well as by demand for logistics space in China from our existing customers in Japan (China's largest trading partner in Asia), giving us a network advantage compared to other operators that lack our diverse and high-quality customer base.

- *Focus on asset enhancements and selective acquisition and development opportunities in Japan.* We intend to continue to focus our activities in Japan on maintaining high occupancy levels in our well-designed facilities, capitalizing on the insufficient supply of modern logistics facilities, the continued growth of the third party logistics provider industry, and the expansion of specific sectors such as internet and mail order services. As of the Latest Practicable Date, the Group has no specific plans to develop new facilities or acquire land bank in Japan. When we deem the market conditions appropriate, we will consider developing new facilities in Japan from 2011 in locations that we believe would enhance our current network and complement our customers' business and expansion plans.

- *Regional growth.* Explore the possibility of accelerating our growth elsewhere in Asia through selective developments and acquisitions in high growth markets, such as India and Vietnam, leveraging on our strong management expertise and diverse existing network of customer relationships.

**Strategically recycle capital to fund our expansion in high-growth markets**

We plan to strategically recycle capital to create and enhance shareholder value. In addition, we intend to utilize the strong recurring income streams from our completed facilities, particularly in Japan, to drive near-term expansion and growth in China. While Japan currently contributes the majority of our revenue, we expect that China will, over time, become our main revenue contributor.

We also intend to explore the possibility of establishing private development funds in Japan with third-party investors, capitalizing on our development capabilities to build our fee-based income. This will also provide an additional source of funds to spur our growth.

In the medium to long term, subject to market conditions and at the appropriate time, we aim to establish listed investment vehicles through which we can selectively monetize part of our portfolio.

**Increased economies of scale**

We intend to focus on increasing economies of scale and cost efficiency via the following key initiatives:

- Continue to increase our negotiation leverage with respect to key supplier contracts;

- Explore direct procurement of raw materials to minimize costs introduced by third-party intermediaries;

- Optimize centralized and headquarters expenses;
- Continue to focus on our master-planned approach to logistics parks in China, with larger-scale, multi-building parks to lower incremental costs of development and operation; and
- Streamline sales and marketing expenses by leveraging on our large and growing base of customers in China and Japan and continue to promote cross-border marketing initiatives between the markets in which we operate.

## OUR PORTFOLIO

All the properties that we develop are modern logistics facilities, characterized by large floor plates, high ceilings, wide column spacing, spacious and modern loading docks as well as enhanced safety systems and other value-added features. They are designed to allow flexibility to add multiple tenants or provide a platform for expansion of a single tenant, with energy-efficient technology and features to reduce our customers' costs. In China, most of our logistics parks contain several facilities, while most of our parks in Japan consist of a single facility. Most of our logistics facilities in China and some of our logistics facilities in Japan are multi-tenanted facilities. We also provide a build-to-suit service that includes site selection, construction and management of dedicated facilities customized to a single customer's specifications. We oversee the construction and management of our facilities and hire sub-contractors for the various aspects of construction and management where appropriate.

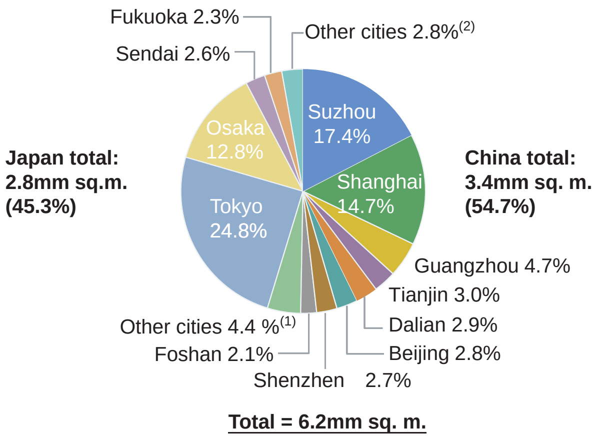
### Portfolio Summary

As of June 30, 2010, our portfolio consists of the following:

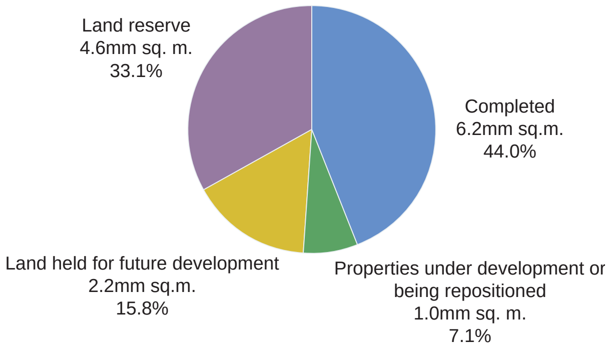
- China: 227 completed logistics and light assembly facilities with a GFA of approximately 3.4 million sq. m., 1.0 million sq. m. of GFA under development or being repositioned and over 2.2 million sq. m. of GFA under land held for future development within 53 integrated parks (including 51 logistics parks and two light assembly facilities parks) across 18 major cities. In addition, we also have approximately 4.6 million sq. m. of GFA under land reserve.

- Japan: 69 completed logistics facilities across seven major cities with a GFA of approximately 2.8 million sq. m.

**Our operating portfolio by city (million sq. m.)**




**Our portfolio by status (million sq. m.)**




Notes:

"Tokyo" includes cities located in Kanto region; "Osaka" includes cities located in Kansai region; "Sendai" includes cities located in Tohoku region; "Fukuoka" includes cities located in Kyushu region.

(1) Other cities include Qingdao, Nanjing, Wuxi, Chengdu, Chongqing, Hangzhou and Shenyang.
(2) Other cities include Nagoya, Hiroshima and Sapporo.

The following table summarizes the China Portfolio and the Japan Portfolio as of June 30, 2010:

## Portfolio overview as of June 30, 2010

| | Number of Properties/ Sites | Total GFA (sq. m.) | Effective Interest GFA (sq. m.)[1] | Total Valuation (Local Currency Millions)[2] | Total Valuation (US$ Millions)[3] | Effective Interest Valuation (US$ Millions)[1],[2] | Proportion of Total GFA (%) |
|---|---|---|---|---|---|---|---|
| **China** . . . . . . . . . . . | | | | | | | |
| Completed and stabilized properties. . | 216 | 3,019,937 | 2,223,801 | 10,383 | 1,525 | 1,170 | 21.5% |
| Completed and Pre-Stabilized properties . . . . . . . . . | 11 | 362,446 | 230,757 | 1,368 | 201 | 124 | 2.6% |
| Properties under development or being repositioned[4]. . . . . . | 73 | 995,116 | 868,231 | 2,511 | 369 | 297 | 7.1% |
| Land held for future development[5] . . . . . | 39 | 2,213,968 | 1,678,050 | 2,137 | 314 | 245 | 15.8% |
| Land reserve[6] . . . . . | 54 | 4,645,426 | 3,975,261 | 4,329 | 636 | 532 | 33.1% |
| China total[7] . . . . . . | 393 | 11,236,893 | 8,976,100 | 20,728 | 3,045 | 2,368 | 80.1% |
| **Japan** . . . . . . . . . . . | | | | | | | |
| Completed and stabilized properties[8] . . . . . . . | 69 | 2,796,918 | 2,796,918 | 515,700 | 5,817 | 5,817 | 19.9% |
| Total . . . . . . . . . . . . | **462** | **14,033,811** | **11,773,018** | | **8,862** | **8,185** | **100.0%** |

(1) Adjusted for our effective interest in non-wholly owned entities.
(2) As determined by JLL Limited for China and CBRE PL for Japan. For China, currency used is RMB and for Japan, currency used is ¥. For more information on the basis of the valuation, see "Notice to Investors—Valuations, Property Values and Gross Floor Area". In particular,

the valuations of land reserve in the China Portfolio are indicative only. We do not treat a parcel of land in our land reserve as part of our assets as reflected in our combined financial statements unless and until the relevant PRC subsidiary and/or a jointly-controlled entity acquires the relevant parcel.

(3) For more information on the basis of the valuation, see "Notice to Investors—Valuations, Property Values and Gross Floor Area". As with the exchange rates used in the preparation of the interim financials, an exchange rate of US$1.0000 = RMB 6.8086 = ¥ 88.6615 has been applied. Source: OANDA (*www.oanda.com*). OANDA has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from its website and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from OANDA's website has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such website, neither we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters or any other party has conducted an independent review of the information contained in OANDA's website, or verified the accuracy of the contents of the relevant information. Please see "General and Statutory Information—Sources."

(4) "Properties under development or being repositioned" consists of five sub-categories of properties: (i) properties that we have commenced development, (ii) a logistics facility that is being converted from a bonded logistics facility to a non-bonded logistics facility, (iii) a logistics facility that is being converted from a non-bonded logistics facility to a bonded logistics facility, (iv) a light manufacturing facility comprising several buildings for which we are currently evaluating the feasibility of conversion of such buildings into a business park or research and development center, and (v) a light industrial and logistics facility which will be upgraded into a standard logistics facility.

(5) "Land held for future development" refers to land which we have signed the land grant contract and/or we have land certificate.

(6) "Land reserve" refers to parcels of land in respect of which the relevant PRC subsidiaries and/or their jointly-controlled entities have signed a master agreement, letter of intent or memorandum of understanding (as the case may be). The acquisition of the relevant parcels of land is subject to (i) a public bidding process, the signing of land grant agreements with the governmental authorities and obtaining of land and/or property title certificates, where the land is to be granted directly from the government authorities; or (ii) the signing of sale and purchase agreement and obtaining of land and/or property title certificates, where the vendor is not a governmental authority.

(7) Including property holding companies and/or properties having been pledged to financial institutions, as marked with the letter "E" in "Appendix D—Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties".

(8) All properties in the Japan Portfolio are subject to security interests of financial institutions, in the form of statutory liens (*ippan tanpo*), pledges and/or mortgages. See "Appendix D—Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties".

## CERTAIN PRO FORMA DATA

The following table shows our pro forma earnings before interest, income tax, fair value of investment properties and net non-operating income relating to acquisition/liquidation of subsidiaries and jointly-controlled entities ("Adjusted EBIT") for the fiscal years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010 reconciled to our results for the periods presented. We present Adjusted EBIT in certain tables and discussions in this offering document in addition to other financial information because we consider Adjusted EBIT to be an important performance measure which we use to monitor business performance. Adjusted EBIT should not be considered by an investor as an alternative to cash flow as determined in accordance with generally accepted accounting principles. Our calculation of Adjusted EBIT may differ from similarly titled computations of other companies. The table should be read together with the section "Discussion and Analysis of Pro Forma Financial Information".

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, |
|---|---|---|---|---|
| | **2008** | **2009** | **2010** | **2010** |
| | | **US$ (in thousands)** | | |
| Profit/(Loss) for the year/period | 588,318 | (274,791) | (129,341) | 502,513 |
| Add/(Less): Income tax expense/(benefit) | 10,465 | (12,484) | 20,659 | 58,419 |
| Add: Net interest expense | 35,842 | 48,560 | 59,898 | 15,884 |
| Less: Net non-operating income relating to acquisition/liquidation of subsidiaries and jointly-controlled entities | (486,373) | - | - | - |
| Add/(Less): Changes in fair value of investment properties | 18,134 | 494,181 | 377,047 | (445,796) |
| **Adjusted EBIT** | 166,386 | 255,466 | 328,263 | 131,020 |

Adjusted EBIT, as derived from:

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, |
|---|---|---|---|---|
| | **2008** | **2009** | **2010** | **2010** |
| | | **US$ (in thousands)** | | |
| China | 4,372 | 497 | 45,170 | 42,893 |
| Japan | 162,016 | 255,389 | 278,360 | 86,104 |
| Others | (2) | (420) | 4,733 | 2,023 |
| **Total** | 166,386 | 255,466 | 328,263 | 131,020 |

The information presented above is derived from the pro forma financial statements to our Group for the fiscal years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010.

## COMPANY BACKGROUND

Our Company was incorporated in Singapore on August 28, 2007 under the Singapore Companies Act as a private company limited by shares under the name of Reco China Logistics Private Limited. On September 15, 2010, we changed our name to Global Logistic Properties Pte. Ltd. On September 17, 2010, we were converted into a public company limited by shares and changed our name to Global Logistic Properties Limited. Through a series of transactions described in "History and Corporate Reorganization", we will rationalize and streamline the business structure of our Group, through which we conduct our business.

Our telephone number is +65 6829 7167 and our facsimile number is +65 6829 7070.

## SUMMARY OF THE OFFERING

| | |
|---|---|
| The Issuer: ............................ | Global Logistic Properties Limited, a company incorporated with limited liability under the laws of the Republic of Singapore. |
| The Vendor: .......................... | Schwartz-Mei Group Limited |
| The Offering: ......................... | 1,173,244,000 Offering Shares (subject to the Over-allotment Option) offered by our Company and the Vendor through the Placement and the Public Offer. The Offering Shares will consist of 1,135,273,000 Issue Shares and 37,971,000 Vendor Shares. The completion of the Placement and the Public Offer are each conditional upon the completion of the other.<br><br>Our Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S). The Offering Shares are being offered and sold outside of the United States in reliance on Regulation S and other applicable laws and within the United States in reliance on Rule 144A only to persons who are QIBs. See "Plan of Distribution". |
| The Placement: ....................... | 1,070,869,000 of the Offering Shares offered by way of an international placement to investors at the Offering Price, including institutional and other investors in Singapore. The Placement will, subject to certain conditions, be underwritten by the Joint Global Coordinators, International Underwriters and the Lead Manager at the Offering Price. The Placement will include a public offering without listing in Japan ("POWL"). |
| The Public Offer: .................... | 102,375,000 of the Offering Shares offered in Singapore at the Offering Price by way of an offering to the public in Singapore. The Public Offer will, subject to certain conditions, be underwritten by the Joint Global Coordinators, Singapore Underwriters and the Lead Manager at the Offering Price. |
| Cornerstone Investors .............. | Separate from the Offering, each of the Cornerstone Investors has entered into a Cornerstone Subscription Agreement with the Company to subscribe for an aggregate of 588,976,000 Shares at the Offering Price, conditional upon the Underwriting Agreement and Offer Agreement having been entered into and not having been terminated pursuant to their terms on or prior to the Listing Date. |

| | |
|---|---|
| Clawback and Re-allocation ....... | The Offering Shares may be reallocated between the Placement and the Public Offer at the sole discretion of the Joint Global Coordinators. |
| Offering Price ........................ | S$1.96 for each Offering Share. Investors are required to pay the Offering Price in Singapore dollars. |
| Application Procedures for the Public Offer........................... | Investors under the Public Offer must follow the application procedures set out in the instructions booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore", which was registered by the Authority as part of this offering document. Applications must be paid for in Singapore dollars. The minimum initial application is for 1,000 Offering Shares. An applicant may apply for a larger number of Shares in integral multiples of 1,000 Offering Shares.<br><br>Investors who are members of the Central Provident Fund ("CPF") in Singapore may, subject to the applicable CPF rules and regulations, use their CPF Investible Savings ("CPF Funds") to purchase the Offering Shares. |
| Over-allotment Option ............. | In connection with the Offering, Reco Platinum has granted the Stabilizing Manager, on behalf of the Joint Global Coordinators, International Underwriters and Lead Manager, the Over-allotment Option, exercisable in whole or in part by the Stabilizing Manager on one or more occasions from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 234,648,000 Shares, representing 20% of the total Offering Shares, in undertaking stabilizing actions, to subscribe and/or purchase the Additional Shares (representing 20% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. If the Over-allotment Option is exercised in full, the total number of issued and outstanding shares immediately following the Offering will be 4,506,689,664 Shares. Unless indicated otherwise, all information in this offering document assumes that the Stabilizing Manager does not exercise the Over-allotment Option. See "Plan of Distribution—Over-allotment Option". |
| Lock-ups ............................. | We have agreed with the Joint Global Coordinators, subject to certain exceptions, that from the date of the Underwriting Agreement until the date falling 180 days from the Listing Date, we will not, without the prior |

|  |  |
|---|---|
|  | written consent of the Joint Global Coordinators, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for any Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, (iii) deposit any Shares or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iv) publicly disclose our intention to do any of the above.<br><br>The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.<br><br>See “Plan of Distribution—No sales of similar securities and lock-up” for further information on (i) our lock-up arrangement and (ii) the lock-up arrangements agreed between the Joint Global Coordinators and our shareholders. |
| Proceeds from the Offering …….. | We intend to use our net proceeds from the Offering and the issue of the Cornerstone Shares primarily for the following purposes:<br><br>• approximately S$1.66 billion (US$1.24 billion) to support our growth in China and Japan; and<br><br>• approximately S$0.62 billion (US$0.46 billion) to pay down existing shareholder loans, intercompany advances and any interest accrued thereon, described herein, and approximately ¥63.90 billion (US$0.75 billion) to redeem preferred equity as part of the Corporate Reorganization (see “History and Corporate Reorganization” for further details on the Corporate Reorganization and “Interested Person Transactions and Conflicts of Interests” for further details on the shareholder loans, intercompany advances and preferred equity).<br><br>For a complete description of the application of the net proceeds, see “Use of Proceeds”. |
| Listing and Trading . . . . . . . . . . . . | Prior to the Offering, there has been no public market for our Shares. Application has been made to the SGX-ST for |

permission to list all our issued Shares, the Offering Shares, the Cornerstone Shares, the Reorganization Shares, the Additional Shares and the Plan Shares on the Main Board of the SGX-ST, which will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares, the Offering Shares, the Cornerstone Shares, the Reorganization Shares, the Additional Shares and the Plan Shares on the Official List of the SGX-ST. We have not applied to any other exchange to list our Shares.

We expect the Shares to commence trading on a "ready" basis at 9.00 a.m. on October 18, 2010 (Singapore time). See "Indicative Timetable".

The Shares will, upon listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited (the "CDP"). Dealing in and quotation of our Shares on the SGX-ST will be in Singapore dollars. The Shares will be traded in board lot sizes of 1,000 Shares on the SGX-ST.

Settlement . . . . . . . . . . . . . . . . . . We and the Vendor expect to receive payment for all the Offering Shares in the Placement and the Public Offer on or about October 18, 2010. We and the Vendor will deliver share certificates representing the Offering Shares to the CDP for deposit into the securities accounts of successful applicants on or about October 18, 2010. See "Clearance and Settlement".

Stabilization . . . . . . . . . . . . . . . . . . In connection with the Offering, the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) may over-allot Shares or effect transactions that stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. These transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. The number of Shares that the Stabilizing Manager may buy to undertake stabilizing action will not exceed an aggregate 234,648,000 Shares, representing not more than 20% of the total Offering Shares. However, we cannot assure you that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilizing action. These transactions may commence on or after

| | |
|---|---|
| | the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, or (ii) the date when the Stabilizing Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 234,648,000 Shares representing 20% of the total Offering Shares in undertaking stabilizing action. See "Plan of Distribution—Price Stabilization". |
| Transfer restrictions . . . . . . . . . . . . | The Shares offered in this Offering have not been, and will not be registered under the US Securities Act. Therefore, resales by subscribers and/or purchasers of Offering Shares and by subsequent transferees will be subject to certain restrictions described in "Transfer Restrictions". Further, any acquisition of the Rule 144A Offering Shares by Benefit Plan Investors (as defined in "Certain ERISA Considerations") is subject to certain restrictions. The acquisition of Regulation S Offering Shares by Benefit Plan Investors is prohibited. See "Certain ERISA Considerations". |
| Dividends . . . . . . . . . . . . . . . . . . . . . | Our Company will pay dividends, if any, only out of its profits as permitted under Singapore law. Dividends will be paid in Singapore dollars. The Board of Directors of our Company has discretion to recommend payment of dividends. Any profits our Company declares as dividends will not be available to be reinvested in our operations. We cannot assure you that our Company will declare or pay any dividends. See "Dividends" for a description of our dividend policy. |
| Risk Factors . . . . . . . . . . . . . . . . . . | Prospective investors should carefully consider certain risks connected with an investment in our Shares, as discussed under "Risk Factors". |

## INDICATIVE TIMETABLE

An indicative timetable for trading in our Shares is set out below for the reference of applicants for our Shares:

| Indicative date and time (Singapore time) | Event |
|---|---|
| October 11, 2010 at 6:00 pm . . . . . . . . . . . . . . . . . . | Opening of the Public Offer |
| October 14, 2010 at 10:00 am . . . . . . . . . . . . . . . . . | Close of Application List |
| October 15, 2010 . . . . . . . . . . . . . . . . . . . . . . . . . | Balloting of applications or otherwise as may be approved by the SGX-ST, if necessary (in the event of an over-subscription for the Offering Shares) |
| October 18, 2010 at 9.00 a.m. . . . . . . . . . . . . . . . . . | Commence trading on a "ready" basis |
| October 21, 2010 . . . . . . . . . . . . . . . . . . . . . . . . . | Settlement date for all trades done on a "ready" basis on October 18, 2010 |

The above timetable is indicative only and is subject to change at our and the Vendor's discretion, with the agreement of the Joint Global Coordinators. The above timetable and procedures may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement date of trading on a "ready" basis. The above timetable assumes (i) that the closing of the Public Offer is October 14, 2010, (ii) that the date of admission of our Company to the Official List of the SGX-ST is October 18, 2010, and (iii) compliance with the SGX-ST's shareholding spread requirement.

We and the Vendor, with the agreement of the Joint Global Coordinators, may at our discretion, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open, provided that the period of the Public Offer may not be less than two Market Days.

In the event of the extension or shortening of the time period during which the Offering is open, we will publicly announce the same:

(i) through a SGXNET announcement to be posted on the internet at the SGX-ST website http://www.sgx.com; and

(ii) in one or more major Singapore newspapers, such as The Straits Times, The Business Times or Lianhe Zaobao.

Investors should consult the SGX-ST announcement on the "ready" listing date on the internet (at the SGX-ST website), or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

We and the Vendor will provide details of and the results of the Public Offer through SGXNET or in one or more major Singapore newspapers, such as The Straits Times, The Business Times or Lianhe Zaobao.

We and the Vendor reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares under the Public Offer, without assigning any reason therefor, and no enquiry or correspondence on our and the Vendor's decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

Where an application under the Public Offer is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at the applicant's own risk, within 24 hours of the balloting (provided that such refunds are made in accordance with the procedures set out in instructions booklet entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore”).

Where an application under the Public Offer is accepted in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at the applicant’s own risk, within 14 Market Days after the close of the Offering (provided that such refunds are made in accordance with the procedures set out in the instructions booklet entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore”).

In the case of the Public Offer, if the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to the applicants at their own risk within three Market Days after the Offering is discontinued (provided that such refunds are made in accordance with the procedures set out in the instructions booklet entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore”).

The manner and method for applications and acceptances under the Placement will be determined by us, the Vendor and the Joint Global Coordinators.

## SUMMARY FINANCIAL INFORMATION

*You should read the following summary combined financial information for the periods and as at the dates indicated in conjunction with the section of this offering document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements, the accompanying notes and the related independent auditors' report included in this offering document. Our financial statements are reported in US dollars and are prepared and presented in accordance with IFRS. IFRS reporting practices and accounting principles differ in certain respects from US GAAP.*

*The summary combined financial information as of and for the years ended March 31, 2008, 2009 and 2010 have been derived from our audited combined financial statements included in this offering document and should be read together with those financial statements and the notes thereto. The summary combined financial information for the three-month periods ended June 30, 2009 and 2010 has been derived from our unaudited interim combined financial statements for the three-month periods ended June 30, 2009 and 2010 included in this offering document. We have prepared the unaudited interim combined financial statements on the same basis as our audited combined financial statements. Our historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.*

*Our summary combined financial information as of and for the fiscal years ended March 31, 2008, 2009 and 2010 are not comparable. We recognized our properties on an equity-method for fiscal year ended March 31, 2008, and for the period from April 1, 2008 through February 8, 2009, as we only have joint-control of the entities through which we hold our properties, i.e. we recognized our share of net assets and results from our portfolio as a single line under interests in jointly-controlled entities on our combined balance sheets and under share of results (net of income tax) of jointly-controlled entities in our combined income statements. From February 9, 2009 through March 31, 2009, and for the fiscal year ended March 31, 2010, following the 2009 Acquisition, we consolidated our subsidiaries so that the assets and liabilities, income and expenses of our subsidiaries are recognized on a line-by-line basis in our combined financial information. In respect of GLPH, we equity-accounted for our share of its results following the 2009 Acquisition.*

*Accordingly, our summary combined income statements information for each of the fiscal years ended March 31, 2008, 2009 and 2010 are not comparable, and our summary combined balance sheet information as of March 31, 2008 is not comparable with those as of March 31, 2009 and 2010. For a further discussion of the risks of non-comparability of our combined financial statements, see "Risk Factors—Risks relating to Our Business and Operations—Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial statements differs from the presentation that would be required by the SEC".*

## SUMMARY COMBINED INCOME STATEMENT INFORMATION

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, | |
|---|---|---|---|---|---|
| | 2008[1] | 2009[1] | 2010[1] | 2009 | 2010 |
| | US$ (in thousands) | | | | |
| Revenue | - | 51,278 | 407,968 | 96,410 | 110,941 |
| Management fees | - | (4,012) | (35,101) | (4,940) | (7,619) |
| Property-related expenses | - | (7,241) | (53,683) | (13,092) | (14,820) |
| Other expenses | (932) | (3,527) | (22,057) | (6,432) | (4,264) |
| | (932) | 36,498 | 297,127 | 71,946 | 84,238 |
| Share of results (net of income tax) of jointly-controlled entities | 16,574[2] | (280,280)[2] | 31,984 | 6,143 | 38,956 |
| **Profit/(Loss) from operating activities after share of results of jointly-controlled entities** | 15,642 | (243,782) | 329,111 | 78,089 | 123,194 |
| Net finance costs | - | (9,633) | (60,468) | (18,552) | (6,741) |
| Non-operating income/(expenses) | (273) | 290,207[3] | (27,680) | - | - |
| **Profit before changes in fair value of investment properties** | 15,369 | 36,792 | 240,963 | 59,537 | 116,453 |
| Changes in fair value of investment properties | - | - | (369,006)[4] | (70,866) | 441,828 |
| **Profit/(Loss) before income tax** | 15,369 | 36,792 | (128,043) | (11,329) | 558,281 |
| Income tax expense | (1,918) | (4,433) | (21,637) | (7,458) | (57,725) |
| **Profit/(Loss) for the year/period** | 13,451 | 32,359 | (149,680) | (18,787) | 500,556 |
| **Profit/(Loss) attributable to:** | | | | | |
| Equity holder of the Company | 13,451 | 31,946 | (176,685) | (28,742) | 488,039 |
| Minority interests | - | 413 | 27,005 | 9,955 | 12,517 |
| **Profit/(Loss) for the year/period** | 13,451 | 32,359 | (149,680) | (18,787) | 500,556 |
| **Earnings/(Loss) per share (cents)**[5] | | | | | |
| - Basic and diluted | 0.97 | 2.13 | (10.13) | (1.65) | 27.99 |
| - Adjusted for the Offering | 0.34 | 0.78 | (4.09) | (0.71) | 11.31 |

Note:

(1) In fiscal year ended March 31, 2008, we only had joint-control over each of our properties. Also, we gained control of those assets in February 2009 and therefore our fiscal year ended March 31, 2009 results only reflect a small portion of the year. Consequently, results for fiscal years ended March 31, 2008, 2009 and 2010 are non-comparable.

(2) This includes losses in the value of the Japan Portfolio through entities accounted for under the equity method. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Fiscal Year Ended March 31, 2009 Compared to Fiscal Year Ended March 31, 2008."

(3) Our non-operating income in fiscal year ended March 31, 2009 comprises mainly gain on acquisition of subsidiaries.

(4) This reflects losses in the value of the Japan Portfolio. In fiscal year ended March 31, 2009, a similar decrease was reflected in "Share of results (net of income tax) of jointly-controlled entities".

(5) The number of Shares we use to calculate earnings per Share takes into account the issued Shares of the Company, the number of Shares issued to effect the Japan Reorganization, the GLPH Reorganization and the Share Split (as defined in "Share Capital and Shareholders"), and assumes that the reorganizations had occurred as of the earliest period presented. See "History and Corporate Reorganization".

## SUMMARY COMBINED BALANCE SHEET INFORMATION

| | As at March 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| | US$ (in thousands) | | | |
| **Non-current assets** | | | | |
| Investment properties | - | 6,374,448 | 6,528,973 | 7,258,553 |
| Jointly-controlled entities | 1,568,318 | 378,826 | 315,469 | 355,878 |
| Deferred tax assets | - | 10,948 | 20,232 | 14,846 |
| Plant and equipment | - | 104 | 75 | 98 |
| Other non-current assets | - | 16,478 | 17,351 | 15,152 |
| | 1,568,318 | 6,780,804 | 6,882,100 | 7,644,527 |
| **Current assets** | | | | |
| Trade and other receivables | 77 | 107,337 | 103,227 | 119,385 |
| Financial derivative assets | - | 480 | 33 | - |
| Cash and cash equivalents | - | 311,397 | 412,021 | 405,590 |
| | 77 | 419,214 | 515,281 | 524,975 |
| **Total assets** | 1,568,395 | 7,200,018 | 7,397,381 | 8,169,502 |
| **Equity attributable to equity holder of the Company** | | | | |
| Share capital | n/m[(1)] | n/m[(1)] | n/m[(1)] | n/m[(1)] |
| Reserves | 1,346,958 | 1,746,484 | 1,566,222 | 2,081,213 |
| | 1,346,958 | 1,746,484 | 1,566,222 | 2,081,213 |
| **Minority interests**[(2)] | - | 745,952 | 776,197 | 817,092 |
| **Total equity** | 1,346,958 | 2,492,436 | 2,342,419 | 2,898,305 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | - | 2,667,069 | 2,664,831 | 3,018,965 |
| Deferred tax liabilities | - | 107,658 | 135,192 | 188,167 |
| Other non-current liabilities | - | 149,715 | 124,707 | 127,571 |
| | - | 2,924,442 | 2,924,730 | 3,334,703 |
| **Current liabilities** | | | | |
| Loans and borrowings[(3)] | - | 464,640 | 715,749 | 521,155 |
| Trade and other payables[(4)] | 221,437 | 1,288,894 | 1,380,206 | 1,378,939 |
| Financial derivative liabilities | - | 28,280 | 32,729 | 32,428 |
| Current tax payable | - | 1,326 | 1,548 | 3,972 |
| | 221,437 | 1,783,140 | 2,130,232 | 1,936,494 |
| **Total liabilities** | 221,437 | 4,707,582 | 5,054,962 | 5,271,197 |
| **Total equity and liabilities** | 1,568,395 | 7,200,018 | 7,397,381 | 8,169,502 |

Notes:

(1) Less than US$1,000.

(2) Includes preferred equity issued by our Japan subsidiaries and related accrued dividends, amounting to ¥63,978 million (US$657.6 million), ¥64,689 million (US$697.9 million) and ¥64,691 million (US$729.6 million) as at March 31, 2009, March 31, 2010 and June 30, 2010 respectively, which are to be repaid and replaced by new preferred equity funded from the net proceeds of the Offering, pursuant to the Corporate Reorganization (see "Use of Proceeds" and "History and Corporate Reorganization").

(3) Includes loans from third parties, amounting to US$313.6 million as at March 31, 2010 and June 30, 2010, which have been novated to a related corporation, with effect from August 27, 2010 with an accompanying increase in interest-free intercompany advances of US$313.6 million. The intercompany advances will be capitalized by an issue and allotment of ordinary shares and/or will be repaid from net proceeds of the Offering (see "Use of Proceeds" and "History and Corporate Reorganization").

(4) Includes outstanding intercompany advances and shareholders' loans, amounting to US$221.4 million, US$1,121.7 million, US$1,162.4 million and US$1,213.3 million as at March 31, 2008, March 31, 2009, March 31, 2010 and June 30, 2010, respectively, which are to be capitalized by issuance of new shares and/or repaid from the net proceeds of the Offering. See "Use of Proceeds" and "History and Corporate Reorganization".

## SUMMARY COMBINED STATEMENT OF CASH FLOWS INFORMATION

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, | |
|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2009 | 2010 |
| | US$ (in thousands) | | | | |
| Net cash (used in)/from operating activities | (2,925) | 45,328 | 253,842 | 3,492 | 66,167 |
| Net cash from/(used in) investing activities | 42,529 | (894,848) | (159,152) | (80,088) | (21,305) |
| Net cash (used in)/from financing activities | (39,604) | 1,163,055 | 3,130 | 94,289 | (61,695) |
| Net increase/(decrease) in cash and cash equivalents | - | 313,535 | 97,820 | 17,693 | (16,833) |
| Cash and cash equivalents at beginning of year/period | - | - | 304,147 | 304,147 | 412,021 |
| Effects of exchange rate changes on cash balances held in foreign currencies | - | (9,388) | 10,054 | 6,160 | 10,402 |
| Cash and cash equivalents at end of year/period | - | 304,147 | 412,021 | 328,000 | 405,590 |

## SUMMARY PRO FORMA FINANCIAL INFORMATION

*You should read the following summary pro forma financial information for the periods and as at the dates indicated in conjunction with the section of this offering document entitled "Discussion and Analysis of Pro Forma Financial Information" and our unaudited pro forma financial statements and the accompanying notes included in this offering document. Our summary pro forma financial information is reported in US dollars.*

*The summary pro forma financial information for the years ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010 and as of March 31, 2010 and June 30, 2010 has been derived from our unaudited pro forma financial statements, which are included in this offering document, and should be read together with that financial statements and the notes thereto.*

*Our unaudited pro forma financial statements are prepared on a basis that is consistent with the basis of preparation of our combined financial statements. We have prepared and presented our unaudited pro forma financial statements based on our historical combined financial statements as of and for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010. Our summary pro forma income statement information illustrate the effects of the 2009 Acquisition (as defined herein), the GLPH Acquisition (as defined herein) and all other acquisitions and disposals of companies by our Group subsequent to April 1, 2007, as well as of the Change in Capital Structure (as defined herein), as if such acquisitions and disposals and the Change in Capital Structure had taken place as of April 1, 2007 or the date of incorporation of the relevant entities, if later. Our summary pro forma balance sheet information illustrate the effects of these events as if they had taken place on March 31, 2010 and June 30, 2010, respectively, for the purpose of preparing our summary pro forma balance sheet information as of those dates. See "History and Corporate Reorganization" and Note 1 to our unaudited pro forma financial statements included in this offering document for a further discussion of the Corporate Reorganization and the method of preparation of our pro forma financial statements, respectively.*

*The presentation of our unaudited pro forma income statements, which treats all acquisitions and disposals of entities that occurred subsequent to April 1, 2007 as if they had occurred as of that date (or, with respect to acquisitions, the date of incorporation of the relevant entity, if later), differs from the manner in which unaudited pro forma financial statements would be presented in accordance with Regulation S-X under the US Securities Act. Specifically, the 2009 Acquisition, which took place in February 2009, the GLPH Acquisition, which will only be completed immediately prior to the listing of our Company on the Main Board of the SGX-ST, and the Change in Capital Structure, which has taken place subsequent to June 30, 2010, have all been treated as if they had taken place as of April 1, 2007 (or the date of incorporation of the relevant entity, if later). The retroactive effect given to these transactions significantly differs from and exceeds the retroactive pro forma treatment of businesses acquired or to be acquired pursuant to Regulation S-X under the US Securities Act.*

*For a discussion of the risks relating to relying on our unaudited pro forma financial statements, see "Risk Factors—Risks relating to Our Business and Operations—Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial statements differs from the presentation that would be required by the SEC".*

## SUMMARY PRO FORMA INCOME STATEMENT INFORMATION

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| | US$ (in thousands) | | | |
| Revenue | 249,793 | 355,089 | 412,244 | 111,918 |
| Management fees | (10,242) | (14,363) | (9,964) | (27) |
| Property-related expenses | (28,214) | (47,886) | (54,931) | (15,258) |
| Other expenses | (27,231) | (41,199) | (51,948) | (12,701) |
| | 184,106 | 251,641 | 295,401 | 83,932 |
| Share of results (net of income tax) of jointly-controlled entities | 10,601 | 6,708 | 27,997 | 37,042 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 194,707 | 258,349 | 323,398 | 120,974 |
| Net finance costs | (64,163) | (53,328) | (55,033) | (5,838) |
| Non-operating income | 486,373 | 1,885 | - | - |
| **Profit before changes in fair value of investment properties** | 616,917 | 206,906 | 268,365 | 115,136 |
| Changes in fair value of investment properties | (18,134) | (494,181) | (377,047) | 445,796 |
| **Profit/(Loss) before income tax** | 598,783 | (287,275) | (108,682) | 560,932 |
| Income tax (expense)/benefit | (10,465) | 12,484 | (20,659) | (58,419) |
| **Profit/(Loss) for the year/period** | 588,318 | (274,791) | (129,341) | 502,513 |
| **Attributable to:** | | | | |
| Equity holder of the Company | 576,604 | (288,207) | (156,347) | 489,994 |
| Minority interests | 11,714 | 13,416 | 27,006 | 12,519 |
| **Profit/(Loss) for the year/period** | 588,318 | (274,791) | (129,341) | 502,513 |
| **Earnings/(Loss) per share[1] (cents)** | | | | |
| - Basic and diluted | 29.83 | (14.91) | (8.09) | 25.35 |
| - Adjusted for the Offering | 12.79 | (6.40) | (3.47) | 10.87 |

Note:

(1) The number of Shares we use to calculate earnings per Share takes into account the issued Shares of the Company, the number of Shares issued to effect the Japan Reorganization, the GLPH Reorganization and the Share Split (as defined in "Share Capital and Shareholders"), and assumes the GLPH Acquisition as part of the Corporate Reorganization had occurred as of the earliest period presented. See "History and Corporate Reorganization".

## SUMMARY PRO FORMA BALANCE SHEET INFORMATION

| | As of March 31, 2010 | As of June 30, 2010 |
|---|---|---|
| | US$ (in thousands) | |
| **Non-current assets** | | |
| Investment properties | 6,528,973 | 7,258,553 |
| Intangible assets | 421,860 | 421,860 |
| Jointly-controlled entities | 306,887 | 345,305 |
| Deferred tax assets | 21,535 | 15,878 |
| Plant and equipment | 2,626 | 2,820 |
| Other non-current assets | 17,631 | 16,658 |
| | 7,299,512 | 8,061,074 |
| **Current assets** | | |
| Trade and other receivables | 76,053 | 90,504 |
| Financial derivative assets | 33 | - |
| Cash and cash equivalents | 428,018 | 418,204 |
| | 504,104 | 508,708 |
| **Total assets** | 7,803,616 | 8,569,782 |
| **Equity attributable to equity holder of the Company** | | |
| Share capital | n/m(1) | n/m(1) |
| Reserves | 1,969,434 | 2,484,621 |
| | 1,969,434 | 2,484,621 |
| **Minority interests**(2) | 776,826 | 817,092 |
| **Total equity** | 2,746,260 | 3,301,713 |
| **Non-current liabilities** | | |
| Loans and borrowings | 2,494,831 | 2,848,965 |
| Deferred tax liabilities | 135,192 | 188,167 |
| Other non-current liabilities | 124,707 | 129,187 |
| | 2,754,730 | 3,166,319 |
| **Current liabilities** | | |
| Loans and borrowings | 572,149 | 377,555 |
| Trade and other payables(3) | 1,696,200 | 1,687,381 |
| Financial derivative liabilities | 32,729 | 32,428 |
| Current tax payable | 1,548 | 4,386 |
| | 2,302,626 | 2,101,750 |
| **Total liabilities** | 5,057,356 | 5,268,069 |
| **Total equity and liabilities** | 7,803,616 | 8,569,782 |

Note:

(1) Less than US$1,000.

(2) Includes preferred equity issued by our Japan subsidiaries and related accrued dividends, amounting to ¥64,689 million (US$697.9 million) and ¥64,691 million (US$729.6 million) as of March 31, 2010 and June 30, 2010, respectively, which are to be repaid and replaced by new preferred equity funded from the net proceeds of the Offering, pursuant to the Corporate Reorganization. See "History and Corporate Reorganization" and "Use of Proceeds".

(3) Includes pro forma intercompany advances from Recosia China, amounting to US$313.6 million as at March 31, 2010 and June 30, 2010, which will be capitalized by an issue and allotment of Shares and/or will be repaid from net proceeds of the Offering. See "History and Corporate Reorganization" and "Use of Proceeds".

## SUMMARY PRO FORMA STATEMENT OF CASH FLOWS INFORMATION

| | For the Year Ended March 31, 2010 | For the Three-month Period Ended June 30, 2010 |
|---|---|---|
| | US$ (in thousands) | |
| Net cash from operating activities | 266,963 | 61,067 |
| Net cash used in investing activities | (573,952) | (21,947) |
| Net cash from/(used in) financing activities | 417,534 | (67,113) |
| Net increase/(decrease) in cash and cash equivalents | 110,545 | (27,993) |
| Cash and cash equivalents at beginning of year/period | 316,397 | 437,038 |
| Effects of exchange rate changes on cash balances held in foreign currencies | 10,096 | 10,580 |
| Cash and cash equivalents at end of year/period | 437,038 | 419,625 |

*Prospective investors should consider carefully the risks described below, together with all other information contained in this offering document, before deciding whether to invest in our Shares. The risks described below are not the only ones we face. There may be additional risks not described below or not presently known to us or that we currently deem immaterial that turn out to be material. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose part or all of your investment. This offering document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements due to a variety of factors, including the risks described below, under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations" and elsewhere in this offering document.*

## Risks Relating to Our Business and Operations

***Adverse economic conditions would negatively affect our business.***

The global financial markets have been undergoing pervasive and fundamental disruptions since the third quarter of 2008. The continuation or intensification of such disruptions may lead to additional adverse effects including, among others, availability of credit to businesses, and could lead to a further weakening of the global economies. We could be affected by market and economic challenges which may arise from a continued or exacerbated general economic slowdown experienced by the global markets, the local economies where our facilities are located, or the logistics industry. Accordingly, our business could face challenges including, among others:

- an economic slowdown affecting consumer behavior, which may in turn negatively affect the businesses of our customers and their demand for logistics facilities;
- poor economic conditions resulting in customers defaulting on leases, or increasing vacancy rates;
- reduced demand that requires us to lower rents or make other contractual concessions under new and existing leases;
- adverse capital and credit market conditions that restrict our development and redevelopment activities including of existing land bank; and
- restricted access to credit that results in the inability of potential buyers to acquire our facilities offered for sale, including facilities held through joint ventures.

The pervasive and fundamental disruptions in the global financial markets have led to extensive and unprecedented governmental intervention in those markets. It is impossible to predict when governmental intervention will end or what, if any, additional temporary or permanent restrictions and/or increased regulation governments may impose on the financial markets. Any further government intervention, restrictions or regulation could have a material adverse effect on our business, financial condition, results of operations and prospects. We cannot predict with any certainty the likelihood or duration of any economic slowdown or downturn, and any such economic slowdown or downturn could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to the risks of the logistics facilities business.***

We are subject to risks associated with the provision of logistics facilities. While we seek to minimize these risks through geographic diversification of our portfolio, market research and our property management capabilities, we cannot eliminate these risks entirely. Some of the factors that may affect our business include:

- local market conditions, such as oversupply of logistics facility space, reduction in demand for logistics facility space and the rents that we can charge for a completed logistics facility, which may make a logistics facility unprofitable;

- significant liabilities associated with logistic facility assets, such as mortgage payments, and real estate taxes, are generally fixed and need to be paid even when market conditions reduce income from the assets;

- the attractiveness of our facilities to potential customers and investors;

- our ability to maintain, refurbish and redevelop existing facilities;

- competition from other available logistics facilities;

- our ability to maintain, and obtain insurance for, our facilities;

- our ability to control rents and variable operating costs;

- changes in labor laws;

- governmental regulations, including changes in zoning and usage, condemnation, redevelopment and tax laws and changes in these laws;

- difficulty in finding a buyer for any land parcel that we seek to sell, or the sales price may not allow us to recover our investment, resulting in additional impairment charges;

- construction costs (including labor cost) of a logistics facility may exceed the original estimates, or construction may not be concluded on schedule, due to factors such as contract default, the effects of local weather conditions, the possibility of local or national strikes by construction-related labor and the possibility of shortages in materials, building supplies or energy and fuel for equipment, making the logistics facility less profitable than originally estimated or not profitable at all;

- delays in obtaining governmental permits and authorizations, and changes to and liability under all applicable zoning, building, occupancy and other laws; and

- changes in or abandonment of development opportunities, and the requirement to recognize an impairment charge for those investments.

Any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our long-term growth will partially depend upon future acquisitions of logistics facilities and land upon which to build new logistics facilities, and we may be unable to consummate acquisitions at commercially attractive terms or at all, or any such acquisitions may not perform as well as we anticipate.***

From time to time we have acquired, and we intend to continue acquiring, existing logistics facilities and land to build new logistics facilities. The acquisition of these assets entails various risks, including the risk that we may be unable to complete acquisitions or develop facilities on the terms we originally anticipated, that our investments may not perform as well as we expected, that we may be unable to integrate our new acquisitions quickly and efficiently into our existing operations and that our estimate of the cost required to upgrade an acquired logistics facility to our standards or to develop a new logistics facility may prove inaccurate. We make our developmental and other decisions based on economic, demographic and other data from various sources in addition to published sources. There can be no assurance that these sources are always complete or reliable. The facilities we acquire and/or develop may not perform commercially as well as we anticipate, and the actual costs for acquisition, renovation and improvements identified in the pre-acquisition due diligence process may exceed our estimates.

***We operate in a capital-intensive industry and may not have adequate funding resources to finance land acquisitions or logistics facilities, or to service or refinance our existing financing obligations.***

The logistics facility business is capital intensive. We intend to obtain financing for our logistics facilities primarily through a combination of borrowings from banks, cash from operations and capital contributions. We are subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. We cannot assure you that we will be able to refinance any maturing indebtedness, that any refinancing would be on terms as favorable as the terms of the maturing indebtedness, or that we will be able to otherwise obtain funds by selling assets or raising equity to repay maturing indebtedness.

Our ability to arrange adequate financing for land acquisitions or logistics facilities on terms that will allow us to earn reasonable returns depends on a number of factors that are beyond our control. For example:

- Changes in the reserve requirement ratio affect the amount of funds that banks must hold in reserve against deposits made by their customers. Any future increase in the reserve requirement ratio will further reduce the amount of commercial bank credit available to businesses including us.

- Under certain circumstances our lending banks may be forced to reduce their loan portfolio, in which case we cannot assure you that we would be able to refinance our existing debt in full, and we may therefore be required to repay part of our loans. As a result, we may not have adequate resources to fund land acquisitions or logistics facilities, or to service our financing obligations.

The terms of our various credit agreements for our Japan and China businesses, including secured bank loans and bonds, require us to comply with a number of customary financial covenants, such as in Japan, negative pledge, pari passu ranking, continued business, prohibition of amendments to material documents, restrictions on indebtedness, maintenance of loan-to-value and debt-service coverage ratios and mandatory redemption upon disposal of assets. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness. If we were to default under our covenant provisions and were unable to cure the default, refinance our indebtedness or meet our payment obligations, it would have a material adverse effect on our business, financial condition, results of operations and prospects. If we were unable to refinance our indebtedness at maturity or meet our payment obligations, it would have a material adverse effect on our business, financial condition, results of operations and prospects. We could be required to sell one or more logistics facilities at times or under circumstances that reduce our return on those assets. In addition, if the maturing debt were secured, the lender may foreclose on the property securing that indebtedness. In a liquidation scenario, holders of our debt securities and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our Shares.

Our secured loans and bonds and certain other debt bear interest at variable rates. If debt is unavailable at commercially acceptable rates, we may be unable to finance the purchase of existing logistics facilities or land to develop new logistics facilities. If we incur mortgage debt on properties, we bear the risk of being unable to refinance such debt when the loans become due, or of being unable to refinance such debt on favorable terms. Higher interest rates could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are exposed to a range of risks relating to the construction or expansion of our logistics facilities.***

Our ability to construct or expand a logistics facility, as well as the time and costs required to complete its construction or expansion, may be adversely affected by various factors, including, but not limited to:

- delays or inability to obtain all necessary zoning, land use, building, development and other required governmental and regulatory licenses, permits, approvals and authorizations;

- construction risks, which include delays in construction and cost overruns (for example, due to variation from original design plans, a shortage or increase in the cost of construction and building materials, equipment or labor as a result of rising commodity prices, inflation or otherwise), inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third party service and goods providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction related contract, work stoppages, strikes or accidents;

- any land which the government delivers to us failing to meet all our development or operational requirements, such as the lack of necessary infrastructure leading to the site, the lack of water and power supply, and unsuitable soil level and height of the land for construction. If the land delivered to us is not ready for construction or later suffers subsidence or similar damages, we would need to prepare our land for use before we commence construction. The costs involved in the preparation of the land may exceed our budget;

- the failure to resolve land resettlement issues;

- the need to incur significant pre-operating costs, which we may not recover for some time, or a failure to budget adequately for these pre-operating costs;

- the need to expend significant capital long before our logistics facilities begin to generate revenue;

- limited cash available to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available on commercially acceptable terms or at all; and

- insufficient market demand from customers after construction or expansion has begun, whether resulting from a downturn in the economy, a change in the surrounding environment of the project, including the location or operation of transportation hubs or the population density, or otherwise.

Other than as referred to in the risk factors entitled "The PRC government may require us to forfeit our land use rights or penalize us if we were to fail to comply with the terms of land grant contracts", "We may fail to contribute to the registered capital of our PRC subsidiaries or joint ventures or experience material delays in contributing to the registered capital of our PRC subsidiaries" and "We may not have obtained all the land use rights certificates and building ownership certificates for certain of our facilities and one of our properties is subject to a land tender process", we have not experienced material occurrences of the risks listed above. However, we cannot assure you that we will complete any or all of our current or future logistics facilities within the anticipated time frame or budget, if at all, as a result of one or more of these risks. An inability to complete a logistics facility within the anticipated time frame and budget could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We face increasing competition.***

In recent years, a large number of logistics facility providers have begun to undertake investment projects in China, and the logistics facility market in China is evolving rapidly. In addition, a number of international logistics facility providers have expanded (or we expect will expand) their operations to China. We expect many of these providers have sufficient financial, managerial, marketing and other resources to be competitive, and may have more experience in logistics facility and land development.

Competition between logistics facility providers in both China and Japan is intense, and we face significant competition for attractive investment opportunities from local and regional providers who may have better local knowledge and relationships as well as greater access to funding to acquire properties than we do, which may result in, among other things, difficulty in acquiring desirable investments or land at reasonable prices, increased costs for the acquisition of land for construction of logistics facilities, a reduced rate at which the relevant government authorities approve new logistics facilities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such developments could have a material adverse effect on our business, financial condition, results of operations and prospects. If we cannot respond to changes in market conditions more swiftly or effectively than our competitors do, it could have a material adverse effect on our business, financial condition, results of operations and prospects. For more details, please refer to the section headed "Business—Competition" in this offering document.

***Our lease revenues may decrease.***

If a significant number of our customers were unable to meet their lease obligations, it would adversely affect our operating results. We are also subject to the risk that, upon the expiration of leases for space located in our facilities, existing customers may not renew their leases, and we may be unable to re-let vacant space to new customers, or the terms of re-leasing (including the cost of required renovations or concessions to customers) may be commercially less favorable to us than previous lease terms. If a significant number of our customers were to default on their leases, we would likely experience delays in collecting rental payments or re-letting our facilities, and incur substantial costs in enforcing our rights as landlord.

Our customers are exposed to their own business and other risks, and if one or more significant customers were to experience downturns in their businesses, we could lose the customer, or the customer may fail to make rental payments when due and/or require a restructuring of rental payments that might reduce our cash flow from the lease. Further, many of our logistics facilities in Japan rely heavily on a very small number of customers. If a customer in such a logistics facility were not to renew its lease or were to default, the cash flow of the relevant logistics facility would decline significantly. We cannot predict when we would be able to re-let the logistics facility, the creditworthiness of the replacement customer or customers, or the rent we could charge the replacement customer. A customer may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such customer's lease and thereby reduce our available cash flow. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We face risks inherent in concentrating our business in one asset class and in China and Japan, and we generate a significant portion of our revenue from a few customers.***

Our principal business strategy is to strengthen our market leadership position and capitalize on the significant market opportunities in Asia. Our strategy rests on our belief that logistics facilities in Asia will benefit from significant economic growth, particularly domestic consumption in China. See "Business—Overview" and "Business—Strategy". Our principal business strategy exposes us to the risks inherent in concentrating our business in one asset class and two countries. These risks include, but are not limited to, an economic downturn, which would in turn affect valuations of our logistics facilities, decreases in rental or occupancy rates and insolvency of customers and other counterparties. This risk may also restrict our ability to raise funds for our business and result in higher financing costs. If this were to occur, or the potential economic and domestic consumption growth in Asia that we anticipate does not materialize, it could have a material effect on our business, financial condition, results of operations and prospects.

We generate a significant portion of our revenue from our three largest customers. Panasonic Logistics Co. Ltd., Hitachi Transport System and Nippon Express accounted for approximately 30% of our total revenue for the year ended March 31, 2010. While we would try to replace any key customers we were to lose with other customers, we cannot assure you that we would succeed. If any of our largest customers were to stop leasing from us and we were unable to replace the revenue we generate from them, it would have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may not have identified all material defects, breaches of laws and regulations and other deficiencies on our facilities.***

Although we undertake due diligence investigations which we believe to be reasonable, we cannot assure you that our reviews, surveys or inspections (or the relevant third party review, survey or inspection reports on which we have relied) would have revealed all defects or deficiencies affecting facilities in which we have interests or which we manage, including to the title thereof and existing environmental contamination or hazardous substances thereon. In particular, we cannot assure you that there are no latent or undiscovered defects, deficiencies or inaccuracies in such third party reviews, surveys or inspection reports or our facilities, any of which may have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our insurance coverage does not include all potential losses.***

We currently carry property all risk insurance and business interruption insurance which covers the potential property damage and/or rental loss resulting from accidents and natural hazards such as windstorms and floods. We cover certain facilities and business operations against additional risks such as earthquakes and tsunamis under an extended coverage policy as we deem appropriate. In addition, our China operations carry public liability insurance which covers the potential risks as the result of claims from the third parties due to our legal liability arising from our business operations. The insurance coverage contains policy specifications and insured limits customarily carried for similar facilities, business activities and markets. We believe we have insured our facilities in China and Japan in line with industry practices in the respective markets; however, we cannot assure you that such insurance coverage will be sufficient. For example, there are certain losses, including losses from floods, earthquakes, acts of war, acts of terrorism, riots or labor unrest, which are not customary to insure against in full or at all because it is not deemed economically feasible or prudent to do so. Moreover, in line with the industry practices in Japan referenced above, we do not maintain insurance against other personal injuries or property damage that might occur during the construction of new facilities in Japan. We also do not carry insurance coverage for the non-performance of contracts during construction and other risks associated with construction and installation work during the construction period. As is customary in Japan, we do not expect to obtain earthquake insurance coverage for our facilities of which "probable maximum loss" ("PML") is below a certain threshold percentage. For insured facilities, we obtain additional earthquake insurance to cover damages up to the PML value. See "Risk Factors—Risks Relating to Our Operations in Japan—The expert appraisals and reports upon which we rely are subject to significant uncertainties". If an uninsured loss or a loss in excess of insured limits were to occur with respect to one or more of our facilities, we could experience a significant loss of capital invested and potential revenues in these facilities, and could remain obligated under any recourse debt associated with the logistics facility. Any uninsured losses could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may suffer losses if any of our facilities were to suffer damage from a natural or man-made disaster.***

Natural disasters, severe weather conditions and the outbreak of epidemics, all of which are beyond our control, may adversely affect the economy and infrastructure of China and Japan. Some cities where we operate are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome ("SARS") and H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). Past occurrences of such phenomena, for instance the outbreak of SARS in 2003 and the Sichuan province earthquake in May 2008, have caused varying degrees of harm to business and the national and local economies. Japan has experienced several large earthquakes that have caused extensive property damage. Any of the foregoing could have a catastrophic effect on any or all of our facilities or our customers' businesses, and, in turn, a material adverse effect on our business, financial condition and results of operations and prospects.

***We depend on key personnel.***

Our success depends to a significant degree upon the continued contributions of certain key personnel including, but not limited to, our key management team and other senior managers, each of whom would be difficult to replace. If any of our key personnel were to cease employment with us, our operating results could suffer. Our ability to retain our management group, or to attract suitable replacements should any member of the management group leave, is dependent on the availability of candidates with the relevant experience, and the competitive nature of the employment market. The loss of services from key members of the management group or a limitation in their availability could adversely affect our business, financial condition, results of operations and prospects. Further, such a loss could be negatively perceived in the capital markets. We do not maintain, and do not expect to obtain, "key man" life insurance on any of our key personnel.

We also believe that, as we expand, our future success depends, in large part, upon our ability to hire and retain highly skilled managerial, investment, financing, operational and marketing personnel. Competition for such personnel in the markets where we operate is intense, and we cannot assure you that we will be successful in attracting and retaining skilled personnel. Failure to do so could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our facilities are exposed to various environmental risks that may result in unanticipated costs.***

Our operations are subject to various environmental laws, including those relating to soil contamination, health and hygiene, air pollution control, water pollution control, waste disposal and noise pollution control and storage of hazardous materials. For example, under the Soil Contamination Countermeasures Act and related regulations, landowners in Japan are responsible for removal or remedy of several hazardous substances. The costs of removal or remediation of such substances could be substantial. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances.

We cannot assure you that potential environmental liabilities do not exist or will not arise in the future. The presence of contamination or hazardous substances on our facilities could adversely affect our ability to lease or sell such facilities or to borrow using these facilities as collateral, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our hedging strategies may not reduce interest rate risk, and could reduce the overall returns on investment in our Shares.***

We use various derivative financial instruments to provide some protection against interest rate risks, but no hedging strategy can protect us completely. These instruments involve risks, such as the risk that the counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that a court could rule that such agreements are not legally enforceable. In addition, the nature and timing of hedging transactions may influence the effectiveness of our hedging strategies. We cannot assure you that our hedging strategies and the derivatives that we use will adequately offset the risk of interest rate volatility, or that our hedging transactions will not result in losses that may reduce the overall return on investment in our Shares.

***We are subject to risks relating to foreign currency exchange rate fluctuations.***

Because of the geographic diversity of our business, we receive income and incur expenses in a variety of currencies, including Singapore dollars, Chinese Renminbi, Japanese Yen, and US dollars. Consequently, our costs, profit margins and asset values are affected by fluctuations in the exchange rates among the above-mentioned currencies. We cannot predict the effect of future exchange rate fluctuations on our assets, liabilities, income, cost of sales and margins. Some of the currencies we use may not be readily convertible or exchangeable or may be subject to exchange controls.

In addition, our financial information are presented in US dollars. Exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated or exchanged into US dollars for financial reporting or repatriation purposes. Fluctuations in currency exchange rates could materially affect our reported financial results.

***Disputes with our joint venture or project development partners may materially and adversely affect our business.***

We carry out some of our business through joint ventures or in collaboration with other third parties. Such joint venture arrangements or collaboration involve a number of risks, including:

- disputes with our partners in connection with the performance of our or their obligations under the relevant project or joint venture agreements;
- disputes as to the scope of each party's responsibilities under these arrangements;
- financial difficulties encountered by our partners affecting their ability to perform their obligations under the relevant project or joint venture agreements with us; and/or
- conflicts between the policies or objectives adopted by our partners and those adopted by us.

The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

***From time to time, we may be involved in legal, regulatory and other proceedings arising out of our operations, and may incur substantial costs arising therefrom.***

From time to time we are, and in the future may continue to be, involved in disputes with various parties involved in the development and lease of our facilities, including customers, contractors, suppliers and construction workers. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development schedule, and the diversion of resources and management's attention, regardless of the outcome. Furthermore, if we were to fail to win these disputes, we may incur substantial losses and face significant liabilities.

We may be subject to regulatory action in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that could result in penalties and/or delayed construction of new logistics facilities. In such cases, our results of operations and cash flow could be materially and adversely affected. See “Business—Legal Proceedings”.

***The valuations of our logistics facilities contain assumptions that may not materialize.***

For the fiscal years ended March 31, 2008 and 2009, with respect to our China properties, we used the results of an internal valuation for the purpose of stating our completed facilities and facilities under re-development at fair value in our combined financial statements and pro forma financial information. For the fiscal year ended March 31, 2010, we used the valuations of the Independent Valuers in the preparation of our combined financial statements and our pro forma financial information.

Our valuers use market value for their valuation and the interpretative commentary in accordance with the International Valuation Standards and the RICS Valuation Standards. The assessment of market value is generally based on one or more of the following methodologies depending on the nature of the property: direct comparison, cost, residual, income capitalization and discounted cash flow methods, pursuant to which our facilities are directly compared with other comparable facilities of similar size, character and location to provide a fair comparison of capital values. The income methods also take into account the net rental income of facilities. Gains or losses arising from changes in the market value of our facilities are included in our consolidated statements of comprehensive income in the period in which they arise. Our facilities were revalued as of March 31, 2008, 2009 and 2010 and June 30, 2010, respectively, on open market and existing use basis which reflected market conditions on those dates. The valuations are based on certain assumptions which, by their nature, are subjective and uncertain, and may differ materially from actual results.

Accordingly, the valuations may not reflect the actual value we eventually realize from these facilities. Unanticipated results or changes in particular logistics facilities, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values which could have a material adverse affect on our business, financial condition, results of operations and prospects.

***The interests of Recosia China and its associates may differ from our own.***

Immediately after the Offering, Recosia China and its associates will still own 56.8% of our Shares. Recosia China and its associates could influence the outcome of any corporate transactions or other matters submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, the election of directors and other significant corporate actions. In addition, Recosia China and its associates hold interests in assets or other companies that may compete (or could in the future compete) with us. We cannot assure you that Recosia China or its associates will act solely in our interest, or that any differences of interest will be resolved in our favor. There can be no assurance that conflict of interest will not arise between Recosia China, its associates and us, or that any such conflicts can be resolved.

***Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial statements differs from the presentation that would be required by the SEC.***

Our financial statements as of and for the years ended March 31, 2008, 2009 and 2010 are not comparable to one another. In financial year ended March 31, 2008, we only had joint control of the entities through which we held our logistics facilities and, as a result, all of our combined revenues and expenses were reflected only in line items showing the results of jointly-controlled entities. We acquired control in our properties through the 2009 Acquisition (as defined herein) in February 2009. As a result, our balance sheet as of March 31, 2009 reflects the acquired assets under our control. Furthermore, after the 2009 Acquisition, our income statement for financial year ended March 31, 2009 reflects less than two months of the results of the entities that we controlled after the 2009 Acquisition in our revenues and expenses, while the income statement for financial year ended March 31, 2010 reflects a full 12 months of results for those entities.

The presentation of our pro forma financial income statements, which treats all acquisitions and disposals of entities that occurred subsequent to April 1, 2007 as if they had occurred as of that date (or, with respect to acquisitions, the date of incorporation of the acquired entity, if later), differs from the manner in which pro forma financial statements would be presented in accordance with Regulation S-X under the US Securities Act. Specifically, the 2009 Acquisition, which took place in February 2009, the GLPH Acquisition (as defined herein), which will only be completed immediately prior to the listing of our Company on the Main Board of the SGX-ST, and the Change in Capital Structure (as defined herein), which has taken place subsequent to June 30, 2010, have all been treated as if they had taken place as of April 1, 2007. The retroactive effect given to these transactions significantly differs from and exceeds the retroactive pro forma treatment of businesses acquired or to be acquired pursuant to Regulation S-X under the US Securities Act. As a result, an investor's ability to understand our financial condition and results of operation through a year-on-year analysis based on our combined or pro forma financial statements may be limited.

***General economic, political and social conditions and government policies in the places where we now operate or may in the future operate could affect our business.***

Our business, financial condition, results of operations and prospects are subject to economic, political and legal developments in China, Japan and any other jurisdiction in which we may in the future operate. There are and will be variations in economic, political, governmental and regulatory structure among the jurisdictions in which we operate. Our business, financial condition and results of operations will depend in large part on our ability to adapt to economic, political, governmental and regulatory developments in these jurisdictions, especially as they undergo rapid growth or demographic or other change. Our business, earnings and prospects may be materially and adversely affected by a variety of conditions and developments in each of these countries, including:

- inflation, interest rates, and general economic conditions, for example in Japan where there are high public and private debt levels and there has been an extended period of weak consumption and of deflation;

- the structure of the economy, such as in China where the economy has been transitioning from a planned economy to a market-oriented economy but where the government still controls a substantial portion of productive assets, continues to play a significant role in regulating industries through industrial policies and exercises significant control over growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies;

- the introduction of economic policies to control inflation or stimulate growth, change the rate or method of taxation or impose additional restrictions on currency conversions and remittances abroad, such as in China where the government has periodically taken measures to slow economic growth to a more manageable level, in response to concerns about China's historical high growth rate in industrial production, bank credit, fixed investment and money supply;

- demographic factors, for instance in Japan which has an aging and shrinking population or the PRC which has a rapidly growing population requiring rapid economic growth to assure employment and stability;

- governmental policies, laws and regulations, including, without limitation, those relating to foreign investment or classification of industries, and changes to such policies, laws and regulations and their implementation and interpretation, which could prevent, delay, increase the cost of or otherwise adversely affect our ability to invest in, acquire or divest, develop, operate or manage our facilities;

- certain recent changes in China tax law and proposed application and/or interpretation of these laws could increase our China tax liability and affect the returns to our shareholders, and potentially adverse tax consequences from changes to or introduction of tax laws and tax treaties or their interpretation or application, or revocation of tax incentives, including Tokutei Mokuteki Kaisha ("TMK") laws in Japan, which may increase our cost of investment or carrying on of business, or adversely affect our ability to receive dividends or other distributions from entities in which we have made investments;

- the risk of nationalization and expropriation of assets;

- currency controls and other regulations, which may affect our ability to receive distributions or other dividends from our subsidiaries or other entities in which we may have any interest, to borrow onshore or offshore where the facility or the relevant subsidiary or entity is located, or to carry out acquisition, divestment and capital expenditure plans; and

- political and other conditions.

Such conditions and developments, many of which are outside of our control, may have a material adverse effect on our business, financial condition, results of operations and prospects.

## Risks Relating to Our Operations in China

***The PRC government may require us to forfeit our land use rights or penalize us if we were to fail to comply with the terms of land grant contracts.***

Under PRC laws and regulations, if a property owner fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of land and time for commencement and completion of the development of the land), or to get the relevant governmental approval to extend the development period, the relevant government authorities may issue a warning to, or impose a penalty on, the property owner or require the property owner to forfeit the land. Specifically, under current PRC laws and regulations, if we were to fail to commence development for one year or more but less than two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an "idle" land fee on the land of up to 20% of the land premium. If we were to fail to commence development for two years or more from the commencement date stipulated in the land grant contract, and the relevant government authority did not grant us an extension of time, the land use right would be subject to forfeiture by the PRC government without compensation unless the delay in development were caused by government actions, force majeure or necessary preparatory work. The policy was reinforced in the "Notice on Enhancing the Economical and Intensive Use of Land" promulgated by the State Council on January 3, 2008 which states, among other things, that (i) policies in relation to the forfeiture of land use rights without compensation for land which has remained "idle" for two years or more shall be strictly implemented; (ii) if any land remains "idle" for one year or more but less than two years, an "idle" land fee of 20% of the relevant land premium will be levied; and (iii) financial institutions are required to exercise caution when approving financing for any property owner who, after one year from the commencement date stipulated in the land grant contract, fails to complete at least one-third of the development of its project or provide at least 25% of the total funds for investment in the project. Some of our land grant contracts stipulate a minimum amount we have to invest in the relevant project, which may exceed the amount we deem commercially reasonable.

We believe that some of our properties may be considered "idle" land. As of the Latest Practicable Date, we have received notices from the relevant government authorities with respect to the property held by one of our PRC subsidiaries imposing the default penalty due under the relevant land contract for not developing the land in accordance with the terms of the land grant contract. For this property, we have been advised by our PRC legal advisor, Commerce & Finance Law Offices that there is a relatively low risk that the relevant government authority will forfeit the land. In aggregate the properties for which we have not yet obtained construction planning permits to commence the development process and which may be considered "idle" land due to our inaction account for approximately 450,000 sq. m. of GFA.

We cannot assure you that the government will not impose the "idle" land fee and/or forfeit the land in respect of which we did not begin timely construction. If the relevant government authorities impose the "idle" land fee and/or forfeit the land, it may have an adverse effect on our business, financial condition, results of operations and prospects.

In addition, any other breach of the terms of the land grant contracts, including without limitation, failure to adhere to the commencement date of the development of the land or the development period may subject us to further liabilities and penalties under the land grant contracts. If the government authorities impose penalties or other liabilities on us for failure to adhere to the strict terms and conditions of the land grant contracts, it may have an adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to contribute to the registered capital of our PRC subsidiaries or joint ventures or experience material delays in contributing to the registered capital of our PRC subsidiaries.***

Under PRC laws, we are allowed to contribute to the registered capital of our PRC subsidiaries or joint ventures in installments, provided that each installment is made within the prescribed time limits and the final installment is made within two years after the date of issue of the PRC entity's business license. A failure to contribute to the registered capital in accordance with the requirements of PRC laws may invalidate the relevant PRC entity's approval certificate, and the relevant PRC government authorities may cancel the approval certificate for the establishment of the PRC entity and revoke its business license.

In cases where the relevant PRC entity does not require further capital for its business operations, the PRC entity may decide either to undertake procedures to reduce its registered capital or to apply for a time extension to contribute the registered capital. We have four subsidiaries or joint ventures whose registered capital has not been timely contributed and which have not obtained the necessary approvals for capital reduction procedures to be taken or for an extension of time to contribute the registered capital. We plan to apply to the relevant authority to liquidate one of these entities, and for time extensions to contribute the registered capital of the three other entities. See footnote "†" to "Appendix C—Our Subsidiaries and Jointly-Controlled Entities". We cannot assure you that the relevant PRC government authorities will not penalize us and/or require the relevant PRC entity, whose registered capital has not been paid up in accordance with the requirements of PRC laws, to cease operations and deregister. We estimate that the aggregate amount of penalty we may be required to pay for the above-mentioned four entities could be up to US$9.3 million. Moreover, if the relevant PRC subsidiaries or joint ventures were to fail to get government approval for time extensions to contribute the registered capital, and/or the relevant government authorities were to require the relevant PRC subsidiaries or joint ventures to cease operations and deregister itself, it may have an adverse affect on our business, financial condition, results of operations and prospects.

***The PRC government may redesignate the usage of land that has been granted to us.***

We are subject to the Urban and Rural Planning Law of the PRC, pursuant to which relevant local governments may, from time to time, redesignate the usage of certain land for local planning and development purposes. When a government re-zones land that has been granted to us, we may be required to exchange our original land use right for the land use right of another parcel of land or accept a refund from the local government for the land premium that we paid for the original land use right, thereby affecting our original development plans. We cannot assure you that relevant local governments will not change the zoning of certain land that we have already acquired, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to obtain, or experience material delays in obtaining, requisite governmental approvals, licenses and filings.***

To establish a logistics facility in China, our PRC subsidiaries must go through various PRC governmental approval and filing processes and obtain the requisite approvals and licenses for our investment in such logistics facility and related business operations. To construct a logistics facility, our relevant subsidiaries must obtain permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of land acquisition and construction, including land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits and filing forms of completion inspection. Each approval is dependent on the satisfaction of a set of conditions.

We cannot assure you that we will not encounter significant problems in satisfying the conditions to the approvals necessary for the development of our logistics facilities, or that we will be able to adapt ourselves to new laws, regulations or policies, or the particular processes related to the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we were to fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, licenses and filings, our investment in our PRC subsidiaries and the schedule of development and commencement of our leasing operations could be substantially disrupted, resulting in a material adverse effect on our business, financial condition and results of operations.

***We may not have obtained all the land use rights certificates and building ownership certificates for certain of our facilities, and one of our properties is subject to a land tender process.***

We have not obtained the construction land planning permit, the construction works planning permit, the construction works commencement permit, the inspection acceptance certificate, the land use rights certificates and/or building ownership certificates of certain of our facilities for a parcel of land under GLP Nanjing Jiangning Development Co., Ltd because the applicable land quota has not been allocated to the land. Our PRC legal advisor, Commerce and Finance Law Offices, has advised us that because of the lack of land use rights certificates and/or building ownership certificates and the related title defects for the relevant facilities, (i) the relevant PRC government authority may require us to apply for the certificate and pay a fine (which represents more than 2% but less than 4% of the consideration payable under the relevant construction agreement of the relevant facilities), (ii) the users of the relevant facilities may claim against us for losses they suffer, (iii) we may be required to vacate the relevant facilities which, to the extent that any of the relevant facilities are leased to our customers, may also affect our ability to continue to perform our obligations under the lease agreements and/or (iv) the relevant PRC government authority may demolish the buildings or foreclose on the relevant properties. This property is still subject to the completion of a land tender process required under PRC law, after the land quota is allocated to the land by the government, and we cannot assure you that we will win. Any such consequences could have an adverse effect on our business, financial condition, results of operations and prospects.

***We may face penalties for the non-registration of our lease agreements with customers in China.***

A majority of our lease agreements with customers in China have not been registered with the relevant local authorities in China. Non-registration does not affect our rights or entitlements to lease out the facilities to customers, or the legality and effectiveness of the lease agreements between the parties to the agreements. However, pursuant to the requirements of the PRC Administration Measures of Urban Property Leases and relevant local rules, we may be subject to penalties for the non-registration of lease agreements imposed by the local authorities and/or requests by the local authorities to complete the registration formalities. As of the Latest Practicable Date we have neither been penalised for the non-registration of our lease agreements nor received a request from any government authority to complete the registration formalities. We intend to register future lease agreements to the extent practicable. Nevertheless, we cannot assure you that we would not be subject to such penalties and/or requests for undertaking the registration formalities in the future, any of which could increase our costs.

***We may be unable to register certain of our trademarks in China.***

Under PRC law, for a person or entity to become a registered owner of a trademark (and therefore to receive the full protection of the relevant PRC trademark laws), the trademark must be registered with the relevant governmental authority. As part of the 2009 Acquisition, we acquired the "普洛斯" trademark from ProLogis (including 4 classes registered trademarks and an additional application in class 35 in China). The additional class 35 application was partially rejected in June 2010 by relevant trademark authorities, due to the fact that a company located in Shenyang, PRC (the "Shenyang Company") had registered a similar trademark—"普洛" in class 35 (business consultancy) in China. A trademark search shows that the Shenyang Company's trademark rights over the "普洛" trademark expired in March 2010 and were not renewed within the grace period that expired in September 2010. We have appealed against the relevant trademark authorities' decision to reject our class 35 application, and our appeal is currently pending.

Should we fail to register the "普洛斯" trademark in class 35, our China management company would not have exclusivity to use the "普洛斯" trademark when conducting its consultancy business and may have to use another mark or name instead.

***The enforcement of the Labor Contract Law and other labor-related regulations in China may adversely affect our business and our results of operations.***

The Labor Contract Law of the PRC was promulgated by the Standing Committee of the National People's Congress on June 29, 2007, and came into effect on January 1, 2008. The Labor Contract Law is primarily aimed at the regulation of employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Certain of our subsidiaries in China currently engage employees indirectly through employment service companies. We plan to change such engagements as soon as practicable after the Offering, such that one or more of our subsidiaries or joint ventures would employ the relevant employees directly. However, we cannot assure you that the government will not fine us or take corrective action for historical or future violations of the Labor Contract Law. Furthermore, our labor costs may increase as a result of these new protective labor measures, which could have a material adverse effect on our business, financial condition, results of operations and prospects. For more information on the Labor Contract Law, see "Appendix B—Regulation—Summary of Relevant PRC Laws and Regulations—Part F Employment—The Labor Contract Law".

**Risks Relating to Our Operations in Japan**

***The expert appraisals and reports upon which we rely are subject to significant uncertainties.***

We may obtain appraisals as well as engineering, environmental and seismic reports to help us assess whether to acquire new logistics facilities, and how to operate logistics facilities we already own. However, these reports cannot give a precise assessment of the past, present or future value or engineering, environmental or seismic conditions of the relevant logistics facilities. Furthermore, the appraisers and other experts use a variety of different review methodologies or different sets of assumptions, which could affect the results of such appraisals, reports and the conclusions that the appraisers, other experts and we can draw from them. Thus, different experts reviewing the same logistics facility could reach significantly different conclusions.

Although the engineering, environmental and seismic reports we have obtained for our logistics facilities have not revealed any material risks or liabilities, because such risks are often hidden or difficult to evaluate, the reports we have obtained may not be an accurate reflection of such risks. If we were to discover any significant, unidentified engineering, environmental or seismic liabilities, the value of the affected logistics facility could fall, we may be required to incur additional costs and discharge of the liability could be time consuming.

In addition, in accordance with customary practice in Japan, we disclose certain information relating to a logistics facility's PML based on reports we receive from third parties. PML percentages are based on numerous assumptions. We are not experts in assessing earthquake risk, and cannot independently verify the PML percentages provided to us, and the uncertainties inherent in such reports limit the value of them to us. An earthquake could severely damage or otherwise adversely offset our logistics facilities and if our customers were to suffer significant uninsured losses due to earthquake damage to one or more of our facilities, it could reduce their demand for our facilities and therefore have a material adverse effect on our business, financial condition, results of operations and prospects.

***Several of our facilities in Japan are in port areas, and are subject to regulation by the Port Labor Law.***

Several of our facilities in Japan are located in port areas defined by the Port Labor Law, and are therefore subject to regulation by the Port Labor Law and other related laws and regulations, and are also affected by certain business practices. For example, employers face constraints on the workers they may hire to work in affected facilities, and as a result, our customers' labor and other operational costs for affected facilities may be higher than for unaffected facilities. We cannot assure you that such port area regulations will not affect our customers' businesses, which could consequently have a material adverse effect on our business, financial condition, results of operations and prospects.

***Some of our logistics facilities violate the Construction Standards Law and related laws and regulations.***

The Construction Standards Law and related laws and regulations (collectively, "Construction Standards Laws") establish the building codes for building properties in Japan. Currently, several of our logistics facilities in Japan are not in compliance with Construction Standards Laws. In order to increase the GFA, Japanese customers occasionally retrofit a mezzanine level into the logistics facility, as a result of which the relevant facility may exceed maximum GFA limits imposed by the Construction Standards Laws. In addition, some customers or previous owners of our facilities have installed other ancillary structures such as office space, corridors between facilities or sheds in our properties in order to meet their specific business needs. In case of non-compliance of Construction Standards Laws, the relevant administrative agency would normally take preliminary actions first to assess the property in question and, if the violation is not cured, may issue a written announcement to set forth the actions that the owner of the property needs to take. If the violation remains uncured, the relevant administrative agency may then issue a corrective order for the owner of the property to take corrective action, including removal of the illegal structures. Although the timing of issuance of corrective orders and their content, as well as the decision as to whether such corrective orders should be issued in the first place, are determined by the relevant administrative agency at its discretion, the relevant administrative agency normally opt for the most feasible solution, and a corrective action to require the property owner to demolish the entire property in question without justifiable reason is seen as an abuse of discretionary power by the authorities and such order is likely to be void. We intend to rectify the properties that do not comply with Construction Standards Laws as soon as practicable (rectification may be difficult when the customer occupies the relevant property). We have also made provision of ¥822.5 million (approximately S$13.0 million) for the removal costs reserve amount for the 15 properties owned by Azalea Special Purpose Company, one of the TMKs owning the warehouses most affected by these non-compliance issues. We may draw from these funds as necessary for the payment of costs and expenses to remove the illegal constructions in our facilities.

We cannot assure you that the government will not order us to remove such additional structures or take more severe regulatory action. If any of these events were to occur, it may increase costs, as well as result in a loss of utility space for our customers, which could have an adverse effect on our business, financial condition, results of operations and prospects.

***Climate change regulation could increase our capital and operating expenses.***

The national and various local governments in Japan have adopted (and may adopt further) regulations intended to limit activities they deem to contribute to global warming. For example, in April 2010, the Tokyo Metropolitan Government amended the Tokyo Metropolitan Ordinance on Environmental Preservation to impose on owners of large properties an obligation to decrease carbon dioxide emissions. Our capital and operating expenses could increase in the future by, for example, the imposition of stricter energy efficiency standards for buildings or the cost of environmentally-friendly building materials. Our customers' businesses are heavily reliant on trucks to transport their goods. Increased regulation, such as municipal restrictions on vehicular emissions of nitrogen oxide and particulate matters, could increase our customers' costs and consequently reduce their demand for our facilities.

***The Japanese real property registration system may not accurately reflect the ownership of the real property-related title or right.***

Japan has a system of registering the ownership of real property (which includes land and buildings) as well as certain other real property-related rights, such as security rights over real property and easements, pursuant to which an unregistered owner of real property or an unregistered holder of certain other rights cannot assert its title or such rights against a third party. However, the real property register does not necessarily reflect the true owner of the real property-related title or right. In practice, parties who plan to enter into a real property transaction usually rely upon the register, as it is generally the best indication of the true owner of the real property-related title or right. However, a party has no recourse to anyone but the seller if, relying on the register, it purchases the property or a related right from a seller and the information contained in the register turns out to be incorrect. The purchaser may claim for damages against the seller pursuant to statutory warranties or contractual warranties, but, in general, cannot acquire the ownership of or title to the real property. Imperfect title to one or more of our facilities in Japan could have a material adverse effect on our business, financial condition, results of operations and prospects.

**Risks Relating to Ownership of the Shares**

***Our Shares may not be a suitable investment for all investors.***

Each prospective investor in the Offering Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Offering Shares, the Company, the merits and risks of investing in the Offering Shares and the information contained or incorporated by reference in this offering document;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offering Shares and the effect the Offering Shares will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offering Shares, including where the currency of the Offering Shares is different from the prospective investor's currency;

- understand thoroughly the terms of the Offering Shares; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

***Sales or possible sales of a substantial number of Shares by us, our major shareholders or the Cornerstone Investors following the Offering could adversely affect the market price of the Shares.***

Following the Offering, we will have 4,506,689,664 issued Shares, of which 2,561,004,817 Shares, or 56.8% of our outstanding Shares, will be owned by Recosia China and its associates (assuming the Over-allotment Option is not exercised), and 13.1% of our outstanding Shares will be owned by the Cornerstone Investors. The Shares will be traded on the Main Board of the SGX-ST. For varying periods after the Listing Date, we and certain of our shareholders are restricted from selling Shares. See "Plan of Distribution—No Sales of Similar Securities and Lock-up". If we or any of our substantial shareholders sell or are perceived as intending to sell a substantial amount of Shares after the restricted period, the market price of the Shares could materially decrease.

The Cornerstone Investors are not subject to any lock-up. Therefore, if the Cornerstone Investors directly or indirectly sell or are perceived as intending to sell a substantial amount of Shares, the market price for the Shares could be adversely affected.

***There has been no prior public market for the Shares.***

Prior to the Offering, there has been no public market for the Shares, and an active public market for the Shares may not develop or be sustained after the Offering. Although we have applied for our Shares to be listed on the Main Board of the SGX-ST, we cannot assure you that an active public market for the Shares will develop. In addition, there is no guarantee of the continued listing of the Shares. When our shares trade on the SGX-ST, investors will bear the risk of the SGX-ST's higher general volatility and lower liquidity levels than those of other major exchanges. The Offering Price of the Shares may not be indicative of prices that will prevail in the trading market. You may not be able to resell the Shares at the Offering Price or at a price that is attractive to you. The trading prices of the Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of the Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations.

***The price of our Shares may be volatile.***

The price of our Shares may decline or fluctuate significantly in response to many factors, including:

- general market and economic conditions;
- actual or anticipated variations in our operating results or dividends;
- changes in our funds from operations or earnings estimates;
- difficulties or inability to access capital or extend or refinance existing debt;
- breaches of covenants and defaults under credit facilities and other debt;
- decreasing (or uncertainty in) logistics facility valuations, market rents and rental occupancy rates;

- a change in analyst credit ratings;
- general stock and bond market conditions, including changes in interest rates on fixed income securities, which may lead prospective lenders and investors in debt securities to demand a higher annual yield from future dividends;
- adverse market reaction to our strategic initiatives and their implementation;
- changes in market valuations of similar companies;
- publication of research reports about us or the logistics industry;
- the general reputation of logistics companies and the attractiveness of their equity securities in comparison to other equity securities;
- additions or departures of key management personnel;
- actions by institutional shareholders;
- speculation in the press or investment community;
- decrease in consumer confidence and spending caused by terrorist activities;
- governmental regulatory action and changes in tax laws; and/or
- the realization of any of the other risk factors included in this offering document.

Many of the factors listed above are beyond our control. These factors may cause the market price of our Shares to decline, regardless of our business, financial condition, results of operations or prospects.

***You will suffer immediate dilution, and may experience further dilution, in the value of the Shares.***

The Offering Price of our Shares is higher than our net asset value per Share. Dilution created by the Offering represents the amount by which the Offering Price paid by the subscribers or purchasers of the Shares exceeds the net tangible asset value per Share after the Offering. Since the Offering Price per Share exceeds the net tangible assets per Share immediately after the Offering, there is an immediate and substantial dilution for investors who participate in the Offering. Investors who subscribe for or purchase the Shares in the Offering will therefore experience immediate dilution in net asset value per Share of the Shares they own. See "Dilution". In addition, we may enter into other transactions that may be further dilutive to investors in the future. For an example of potential transactions that would be further dilutive, see "Summary—Recent Developments".

***Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues by us.***

If we offer, or cause to be offered, to our shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have discretion as to the procedure to be followed in making such rights available to our shareholders or in disposing of such rights for the benefit of such shareholders and making the net proceeds available to such shareholders. We may not offer such rights to shareholders having an address in a jurisdiction outside Singapore. For example, we will not offer such rights to our shareholders who have a registered address in the United States unless a registration statement is in effect, if a registration statement under the US Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights, or the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the US Securities Act. We have no obligation to prepare or file any registration statement under the US Securities Act. Accordingly, shareholders who have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

***We may not be able to pay dividends.***

Our ability to declare dividends in relation to the Shares will depend on our future financial performance, which, in turn, depends on the successful implementation of our strategy and on financial, competitive, regulatory and other factors, general economic conditions and other factors specific to our industry or specific projects, many of which are beyond our control. In view of the capital intensive nature of our industry, we anticipate that a substantial portion of our income will be retained to fund and grow our business, and will not be available for distribution to our shareholders.

In addition, our ability to pay dividends will be substantially affected by the ability of our subsidiaries, joint ventures and other vehicles we may invest in, to declare and pay us dividends or other distributions. The ability of our subsidiaries and such entities to declare and pay dividends or other distributions to us will be dependent on the cash income of and cash available to such subsidiary or entity and may be restricted or subject to conditions under applicable law or regulation. For example, many of the entities in which we have interests are subject to statutory requirements to pay dividends or other distributions out of retained or accumulated earnings as determined according to the laws or accounting standards of the relevant jurisdictions, or may be required by law to set aside a portion of their earnings to a reserve or other fund which is not available for dividends or other distributions. These entities may also need approvals from tax and other regulatory authorities before payment or repatriation of dividends or other distributions can be made, which may not be forthcoming in a timely manner or at all. If any of our subsidiaries or other entities in which we have an interest are unable or are restricted in their ability to declare and pay dividends or other distributions to us, our ability to pay dividends on our Shares may be adversely affected. In addition, covenants in some of our existing or future loan documents or those of the subsidiaries, private real estate funds, joints ventures and other vehicles we may invest in may restrict the ability of these entities to declare and/or pay dividends, which in turn could have an adverse effect on our ability to declare and pay dividends to our shareholders. See "Dividends—Dividend Policy" for a discussion of our dividend policy.

***Exchange rate fluctuations may adversely affect the foreign currency value of the Shares and any dividend distribution.***

The Shares will be quoted in Singapore dollars on the SGX-ST. Dividends, if any, in respect of the Shares will most likely be paid in Singapore dollars. Fluctuations in the exchange rate between the Singapore dollar and other currencies including Japanese Yen and Chinese Renminbi will affect, among other things, the foreign currency value of the proceeds which a shareholder would receive upon sale in Singapore of the Shares and the foreign currency value of dividend distributions. See "Appendix B—Regulation".

***Singapore laws protecting minority shareholders are different from such laws of other jurisdiction.***

Our corporate affairs are governed by our Memorandum and Articles of Association, by the laws governing companies incorporated in Singapore and, upon listing of the Shares on the SGX-ST, the Listing Manual. The rights of our shareholders and the responsibilities of our management and Board of Directors under Singapore law may be different from those applicable to a company incorporated in another jurisdiction. For example, principal shareholders of Singapore companies that are publicly listed in Singapore do not owe fiduciary duties to minority shareholders. For more information regarding minority shareholder rights, see "Description of Our Shares—Minority Rights".

***We are incorporated in Singapore and it may not be possible for investors to effect service of process, including certain judgments, on us outside of Singapore.***

We are incorporated in Singapore. A substantial portion of our assets are located in China and Japan, and most of our Directors reside outside the United States. As a result, it may not be possible for investors to effect service of process on us or our Directors in the United States, including the civil liability provisions of the US federal securities laws or the securities laws of any state within the United States, or upon other bases.

In particular, you should be aware that judgments of US courts based upon the civil liability provisions of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in the United States. As a result, investors would be required to pursue claims against us and our Directors in Singapore courts.

***The Shares are subject to certain restrictions and may be subject to compulsory transfer or purchase if these restrictions are violated.***

The Shares have not been registered in the United States under the US Securities Act, the US Investment Company Act or under any other applicable securities law, and are subject to restrictions on transfer contained in such laws.

There are thus additional restrictions on the sale of Shares by shareholders who are located in the United States or who are US persons (as defined in Regulation S). Our Company has the right to cause the transfer of, or purchase for cancellation (subject to the rules of the SGX-ST), Shares owned directly or indirectly by any person if, in the opinion of the Board, by virtue of such person holding the Shares, our Company would be required to comply with any registration or filing requirements in any jurisdiction which our Company would not otherwise be required to comply with, including any requirement to register as an "investment company" under the US Investment Company Act. For further details, see "Appendix E—Summary of the Constitution of Our Company". Prospective purchasers should refer to the section headed "Plan of Distribution—Selling Restrictions—United States" and "Transfer Restrictions".

***Singapore take-over laws contain provisions which may vary from those in other jurisdictions.***

We are subject to the Singapore Code on Take-Overs and Mergers (the "Singapore Take-Over Code"). The Singapore Take-Over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control of us. Under the Singapore Take-Over Code, except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30% or more of our voting Shares is required to extend a take-over offer for our remaining voting Shares in accordance with the Singapore Take-Over Code. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30% and 50% (both inclusive) of our voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1% of our voting Shares in any six-month period. While the Singapore Take-Over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of the shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realize any benefits from a potential change of control. Additionally, Recosia China and its associates will own at least 56.8% of our outstanding Shares immediately following completion of the Offering, assuming the Over-allotment Option is not exercised. This concentration of ownership and the arrangements we have entered into between ourselves and Recosia China and its associates as described in the section "Interested Person Transactions and Conflicts of Interests—Potential Conflicts of Interests" could delay, defer or prevent a change in control of our Company or a successful offer under the Singapore Take-Over Code by another person.

***There is a significant risk that the Company will be classified as a passive foreign investment company ("PFIC"), which could result in materially adverse US federal income tax consequences to US investors.***

There is a significant risk that the Company will be classified as a PFIC for US federal income tax purposes, which could result in materially adverse consequences, including additional tax liability and tax filing obligations for a US investor relative to an investment in a company that is not a PFIC. See "Taxation—Certain US Federal Income Tax Consequences—Passive Foreign Investment Company".

## USE OF PROCEEDS

Based on the Offering Price of S$1.96 for each Offering Share, the net proceeds from the Offering and the issue of the Cornerstone Shares (after deducting underwriting commissions and estimated offering expenses payable by us and the Vendor, assuming that the Over-allotment Option is not exercised) will be approximately S$3.35 billion (US$2.50 billion) of which the net proceeds from the Offering and the issue of the Cornerstone Shares due to us will be approximately S$3.28 billion (US$2.45 billion). If the Over-allotment Option is exercised in full, the net proceeds from the Offering and the issue of the Cornerstone Shares will be approximately S$3.80 billion (US$2.84 billion).

We will not receive any of the net proceeds from the sale of the Vendor Shares by the Vendor, nor will we receive any proceeds from the exercise of the Over-allotment Option granted by Reco Platinum.

We intend to use our net proceeds from the Offering and from the issue of the Cornerstone Shares primarily for the following purposes:

- approximately S$1.66 billion (US$1.24 billion) to support our growth in China and Japan (see "Business—Overview—China—Our Growth Opportunity" and "Business—Overview—Japan—Our Stable Source of Cash Flows" for further details on our plans); and

- approximately S$0.62 billion (US$0.46 billion) to pay down existing shareholder loans, intercompany advances and any interest accrued thereon, described herein, and approximately ¥63.90 billion (US$0.75 billion) to redeem preferred equity as part of the Corporate Reorganization (see "History and Corporate Reorganization" for further details on the Corporate Reorganization and "Interested Person Transactions and Conflicts of Interests" for further details on the shareholder loans, intercompany advances and preferred equity).

For each Singapore dollar of our gross proceeds from the Offering and from the issue of the Cornerstone Shares, we intend to use the following amounts for each purpose:

- approximately S$0.49 to support our growth in China and Japan (see "Business—Overview—China—Our Growth Opportunity" and "Business—Overview—Japan—Our Stable Source of Cash Flows" for further details on our plans);

- approximately S$0.18 to pay down existing shareholder loans, intercompany advances and any interest accrued thereon, described herein, and approximately S$0.30 to redeem preferred equity as part of the Corporate Reorganization (see "History and Corporate Reorganization" for further details on the Corporate Reorganization and "Interested Person Transactions and Conflicts of Interests" for further details on the shareholder loans, intercompany advances and preferred equity); and

- approximately S$0.03 for underwriting commissions and other estimated offering expenses payable by us.

The foregoing represents our best estimate of our allocation of our proceeds from the Offering and from the issue of the Cornerstone Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates, and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds from the Offering and the issue of the Cornerstone Shares for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the Internet at the SGX-ST website, *http://www.sgx.com*.

Pending the use of our net proceeds in the manner described above, we may also use our net proceeds for our working capital, place the funds in fixed deposits with banks and financial institutions or use the funds to invest in short-term money market instruments, as our Directors may deem appropriate in their absolute discretion.

We intend to make periodic announcements on the use of proceeds as and when material amounts of Offering proceeds are disbursed, and provide a status report on the use of proceeds in our annual report.

## Expenses

We estimate that the expenses payable by us in connection with the Offering, the issue of the Cornerstone Shares and the application for listing, including the underwriting (but excluding discretionary incentive fees) and all other incidental expenses relating to the Offering and the issue of the Cornerstone Shares (not including underwriting fees and other expenses payable by the Vendor and Reco Platinum), will be approximately S$103.3 million (US$77.3 million). The breakdown of these expenses is set out below:

| | Estimated Expenses | As a Percentage of the Gross Proceeds from the Offering and the Issue of the Cornerstone Shares[1] |
|---|---|---|
| | S$ (In Millions) | |
| Underwriting fees[2] | 76.0 | 2.25%[4] |
| Professional and accounting fees | 16.0 | 0.46% |
| Advertising and printing expenses | 4.2 | 0.12% |
| Other Offering-related expenses[3] | 7.0 | 0.20% |
| Total | 103.3 | 2.99% |

Notes:

(1) Save for underwriting fees payable by us, all figures listed below are expressed as a percentage of the gross proceeds of the Offering and the Issue of Cornerstone Shares.

(2) Does not include the discretionary incentive fee. See description below for details of the discretionary incentive fee payable to the Joint Global Coordinators and the Joint Underwriters.

(3) Includes the fees payable to the SGX-ST and the Authority in connection with the Offering and the listing of our Company on the Main Board of the SGX-ST.

(4) The underwriting fees payable by us is 2.25% of the gross proceeds from the offering of Issue Shares and the Issue of the Cornerstone Shares, which amount to 2.20% of the gross proceeds from the Offering and the Issue of Cornerstone Shares.

We will pay the Joint Global Coordinators and the Joint Underwriters, as compensation for their services in connection with the Offering, underwriting fees amounting to 2.25% of the total gross proceeds from the sale of Issue Shares and the Cornerstone Shares. Underwriting fees of S$0.04 for each Issue Share and Cornerstone Share are payable by us. Each of the Vendor and Reco Platinum will pay the Joint Global Coordinators and the Joint Underwriters, as compensation for their services in connection with the Offering, underwriting fees amounting to 2.25% of the total gross proceeds from the sale of the Vendor Shares and the sale of the Additional Shares by Reco Platinum (if the Over-allotment Option is exercised), respectively.

We, the Vendor and Reco Platinum (if the Over-allotment Option is exercised) may, at our sole discretion, pay each of the Joint Global Coordinators and the Joint Underwriters or any one of them an incentive fee of up to 0.75% of the gross proceeds from the offering of the Issue Shares and the Cornerstone Shares, the Vendor Shares and the Additional Shares, respectively. The additional incentive fee, if it is to be paid to the Joint Global Coordinators and the Joint Underwriters, will amount to up to S$0.01 per Share.

The aggregate expenses of the Offering (not including the Joint Global Coordinators' and the Joint Underwriters' underwriting fees and other expenses payable by the Vendor) are estimated to be US$20.9 million and are payable by us and the Vendor in proportion to the number of Offering Shares issued or sold by us and the Vendor, respectively, in the Offering except for regulatory fees, SGX-ST listing and processing fees which are payable by us.

See "Plan of Distribution—The Offering" for a description of the commissions payable in connection with the Offering.

# DIVIDENDS

*Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Underwriters, or any other person. Prospective investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. See "Notice to Investors—Forward-Looking Statements".*

## Past Dividends

The Company has not paid dividends in the past.

## Dividend Policy

We do not have a fixed dividend policy. All dividends we declare must be approved by an ordinary resolution of our shareholders at a general meeting, except that our Board of Directors may declare interim dividends without the approval of our shareholders. We are not permitted to pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. In addition, our Company is a holding company and we depend upon the receipt of dividends and other distributions from our subsidiaries, associates and jointly-controlled entities to pay the dividends on the Shares. See "Risk Factors—Risks Relating to Ownership of the Shares—We may not be able to pay dividends".

When making recommendations on the timing, amount and form of future dividends, if any, our Company's Board of Directors will consider, among other things:

- our results of operations and cash flow;
- our expected financial performance and working capital needs;
- our future prospects;
- our capital expenditures and other investment plans;
- other investment and growth plans; and
- the general economic and business conditions and other factors deemed relevant by our Board of Directors and statutory restrictions on the payment of dividends.

Payment of cash dividends and distributions, if any, will be made in Singapore dollars to the CDP on behalf of shareholders who maintain, either directly or through depository agents, securities accounts with the CDP.

# CAPITALIZATION AND INDEBTEDNESS

The following table sets forth combined and pro forma capitalization and indebtedness information as of August 31, 2010. The pro forma information has been adjusted to reflect the issuance of the Shares, the Preferred Equity Replacement, the Loan Repayment and Capitalization and the application of our net proceeds from the Offering as well as from the issuance of the Cornerstone Shares in the manner described in "Use of Proceeds".

The information in this table should be read in conjunction with the "Use of Proceeds", "Selected Financial Data", "Selected Pro Forma Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Discussion and Analysis of Pro Forma Financial Information" and our combined historical financial statements and pro forma financial information and, in each case, the notes thereto included in this offering document.

| | | Adjustments for | | | | |
|---|---|---|---|---|---|---|
| | Combined Balance Sheet August 31, 2010 | Pro Forma Adjustments(1),(2) | Issue of New Shares | PE Replacement | Loan Repayment and Capitalization | Post IPO and the Corporate Reorganization |
| | US$ (in thousands) | | | | | |
| Loans and Borrowings | | | | | | |
| Secured | 3,340,655 | - | - | - | - | 3,340,655 |
| Unsecured(2) | 9,247 | - | - | - | - | 9,247 |
| Shareholders' loans and intercompany advances(3) | 1,592,574 | - | - | - | (1,592,574) | - |
| **Total loans, borrowings and shareholders' loans and intercompany advances** | **4,942,476** | **-** | **-** | **-** | **(1,592,574)** | **3,349,902** |
| Minority Interests | 853,088 | - | - | (753,127) | - | 99,961 |
| **Equity attributable to equity holder of the Company** | **2,196,306** | **403,326** | **2,449,121** | **-** | **1,135,335** | **6,184,089** |
| **Total Equity** | **3,049,394** | **403,326** | **2,449,121** | **(753,127)** | **1,135,335** | **6,284,050** |
| Total capitalization(4) | 5,178,320 | 403,326 | 2,449,121 | - | 1,135,335 | 9,166,103 |

Notes:

(1) The effects of the pro forma adjustments on the presentation of our financial condition, results of operations and cash flows comprise the 2009 Acquisition, the GLPH Acquisition, Other acquisitions and Disposals. See "Discussion and Analysis of Pro Forma Financial Information" and "Risk Factors—Risks relating to Our Business and Operations—Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial information differs from the presentation that would be required by the SEC", for a description of these adjustments and the risks relating to relying on our pro forma information.

(2) On August 27, 2010, certain external bank loans amounting to US$313.6 million were novated to a related corporation, with an accompanying increase in interest-free intercompany advances. Such novations were reflected as pro forma adjustments of the same amount in our pro forma balance sheets as at March 31, 2010 and June 30, 2010.

(3) Shareholders' loans and intercompany advances reflect unsecured loans and intercompany advances extended to us from Recosia China, Reco Platinum, Reco Benefit and Reco Heir.

(4) Defined as long term debt plus equity attributable to equity holder of the Company.

# DILUTION

New investors subscribing for and/or purchasing the Offering Shares at the Offering Price will experience an immediate dilution in net asset value ("NAV") per Share immediately after the completion of the Offering and the sale of the Cornerstone Shares. NAV per Share is determined by subtracting our total liabilities and minority interests from our total assets, and dividing the difference by the number of Shares deemed to be outstanding on the date as of which the book value is determined. Our NAV per Share as of June 30, 2010 (and after adjustments for the Share Split and the issuance of Reorganization Shares) was S$1.077 per Share.

The Offering Price of S$1.96 per Offering Share exceeds the pro forma NAV of S$1.804 per Share as at June 30, 2010 (after adjusting for the Share Split, the issuance of the Reorganization Shares, the issuance of the Issue Shares in the Offering and the sale of the Cornerstone Shares) by approximately 8.7%. Since the Offering Price per Share exceeds the NAV per Share after the Offering, there is an immediate and substantial dilution to investors in the Offering. Such dilution is illustrated in the table below:

The following table illustrates this per Share dilution:

| | |
|---|---|
| Offering Price per Share | S$1.96 |
| Pro forma NAV per Share as of June 30, 2010, as adjusted for the Share Split | S$0.737 |
| Pro forma NAV per Share as of June 30, 2010, as adjusted for the Share Split and the issuance of the Reorganization Shares | S$1.077 |
| Pro forma NAV per Share as of June 30, 2010, as adjusted for the Share Split, the issuance of the Reorganization Shares, the issuance of the Issue Shares in the Offering and the sale of the Cornerstone Shares | S$1.804 |
| Dilution in Pro forma NAV per Share to new investors | S$0.156 |
| Percentage dilution in Pro forma NAV per Share to new investors | 8.0% |

The issue of new Shares pursuant to the vesting of awards which may be granted under the Restricted Share Plan and the Performance Share Plan would have a further dilutive effect on new investors in the Offering. The total number of new Shares that may be issued pursuant to awards granted under our plans may not exceed 15% of our total issued share capital on the day preceding the relevant date of the award.

New investors will experience further dilution if the proposed acquisition we are considering is consummated. For a description of this proposed acquisition and its potential dilutive effect, see "Summary—Recent Developments".

None of our Directors or Recosia China or any of their associates had acquired our Shares during the three years prior to the date of this document.

The following table summarizes the total number of Shares acquired or to be acquired by our substantial shareholders and their associates, upon completion of the Corporate Reorganization, the total consideration paid by them and the effective cash cost per Share to our shareholders and to our new public shareholders pursuant to the Offering.

| | Number of Shares Acquired | Total Consideration (S$) | Effective Cash Cost per Share (S$) |
|---|---|---|---|
| **Substantial shareholders and their Associates:** | | | |
| Reco Platinum[(1)] | 588,343,075 | 1,153,152,427 | 1.96 |
| Reco Benefit[(1)] | 897,816,512 | 1,759,720,364 | 1.96 |
| Recosia China[(1)] | 518,920,627 | 1,017,084,429 | 1.96 |
| Reco Logistics Management[(1)] | 189,853,251 | 372,112,372 | 1.96 |
| Cornerstone Investors | 588,976,000 | 1,154,392,960 | 1.96 |
| **New investors in the Offering** | 1,173,244,000 | 2,299,558,240 | 1.96 |

Note:

(1) Comprises Shares to be acquired pursuant to the Corporate Reorganization. Please see "History and Corporate Reorganization" for further details.

For further information regarding the interest of our substantial shareholders, please see "Share Capital and Shareholders—Current Shareholders."

# EXCHANGE RATES AND EXCHANGE CONTROLS

## Exchange Rates

The table below sets forth, for the periods indicated, certain information concerning the exchange rates between the Singapore dollar and the US dollar, as quoted by Bloomberg L.P. and rounded to two decimal places.

| | Closing Exchange Rates Singapore Dollar per US Dollar | | | |
|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Period End** |
| **Fiscal year:** | | | | |
| 2005 | 1.68 | 1.73 | 1.62 | 1.65 |
| 2006 | 1.66 | 1.71 | 1.61 | 1.62 |
| 2007 | 1.56 | 1.62 | 1.52 | 1.52 |
| 2008 | 1.48 | 1.54 | 1.38 | 1.38 |
| 2009 | 1.44 | 1.55 | 1.35 | 1.52 |
| 2010 | 1.43 | 1.52 | 1.38 | 1.40 |
| Three-month period ended June 30, 2010 | 1.39 | 1.42 | 1.37 | 1.40 |
| **Month:** | | | | |
| January 2010 | 1.40 | 1.41 | 1.39 | 1.41 |
| February 2010 | 1.41 | 1.42 | 1.40 | 1.41 |
| March 2010 | 1.40 | 1.41 | 1.39 | 1.40 |
| April 2010 | 1.38 | 1.40 | 1.37 | 1.37 |
| May 2010 | 1.39 | 1.41 | 1.37 | 1.40 |
| June 2010 | 1.40 | 1.42 | 1.38 | 1.40 |
| July 2010 | 1.38 | 1.39 | 1.36 | 1.36 |
| August 2010 | 1.36 | 1.37 | 1.35 | 1.36 |
| September 2010 (through September 15, 2010) | 1.34 | 1.35 | 1.33 | 1.34 |

Source: Bloomberg L.P. See "General and Statutory Information—Sources". Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from its database, and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from Bloomberg L.P.'s database has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such database, neither we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

## Exchange Controls

For a discussion of applicable exchange controls, see "Appendix B—Regulation".

# SELECTED FINANCIAL DATA

*You should read the following selected historical combined financial data for the periods and as at the dates indicated in conjunction with the section of this offering document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements, the accompanying notes and the related auditors' report included in this offering document. Our financial statements are reported in US dollars and are prepared and presented in accordance with IFRS. IFRS reporting practices and accounting principles differ in certain respects from US GAAP.*

*The selected combined financial data as of and for the years ended March 31, 2008, 2009 and 2010 has been derived from our audited historical combined financial statements included in this offering document and should be read together with those financial statements and the notes thereto. The selected combined financial data as of and for the three-month periods ended June 30, 2009 and 2010 has been derived from our unaudited interim combined financial statements for the three-month periods ended June 30, 2009 and 2010 included in this offering document. We have prepared the unaudited interim combined financial statements on the same basis as our audited combined financial statements. The unaudited combined financial statements include all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. Our historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.*

## SELECTED COMBINED INCOME STATEMENT DATA

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, | |
|---|---|---|---|---|---|
| | 2008[(1)] | 2009[(1)] | 2010[(1)] | 2009 | 2010 |
| | US$ (in thousands) | | | | |
| Revenue | - | 51,278 | 407,968 | 96,410 | 110,941 |
| Management Fees | - | (4,012) | (35,101) | (4,940) | (7,619) |
| Property-related expenses | - | (7,241) | (53,683) | (13,092) | (14,820) |
| Other expenses | (932) | (3,527) | (22,057) | (6,432) | (4,264) |
| | (932) | 36,498 | 297,127 | 71,946 | 84,238 |
| Share of results (net of income tax) of jointly-controlled entities | 16,574[(2)] | (280,280)[(2)] | 31,984 | 6,143 | 38,956 |
| **Profit/(Loss) from operating activities after share of results of jointly-controlled entities** | 15,642 | (243,782) | 329,111 | 78,089 | 123,194 |
| Net finance costs | - | (9,633) | (60,468) | (18,552) | (6,741) |
| Non-operating income/(expenses) | (273) | 290,207[(3)] | (27,680) | - | - |
| **Profit before changes in fair value of investment properties** | 15,369 | 36,792 | 240,963 | 59,537 | 116,453 |
| Changes in fair value of investment properties | - | - | (369,006)[(4)] | (70,866) | 441,828 |
| **Profit/(Loss) before income tax** | 15,369 | 36,792 | (128,043) | (11,329) | 558,281 |
| Income tax expense | (1,918) | (4,433) | (21,637) | (7,458) | (57,725) |
| **Profit/(Loss) for the year/period** | 13,451 | 32,359 | (149,680) | (18,787) | 500,556 |
| **Profit/(Loss) attributable to:** | | | | | |
| Equity holder of the Company | 13,451 | 31,946 | (176,685) | (28,742) | 488,039 |
| Minority interests | - | 413 | 27,005 | 9,955 | 12,517 |
| **Profit/(Loss) for the year/period** | 13,451 | 32,359 | (149,680) | (18,787) | 500,556 |
| **Earnings/(Loss) per share[(5)] (cents)** | | | | | |
| - Basic and diluted | 0.97 | 2.13 | (10.13) | (1.65) | 27.99 |
| - Adjusted for the Offering | 0.34 | 0.78 | (4.09) | (0.71) | 11.31 |

Notes:

(1) In fiscal year ended March 31, 2008, we only had joint control over each of our properties. Also, we gained control of those assets in February 2009 and therefore our fiscal year ended March 31, 2009 results only reflect a small portion of the year. Consequently, results for fiscal years ended March 31, 2008, 2009 and 2010 are non-comparable.

(2) This includes losses in the value of the Japan Portfolio through entities accounted for under the equity method. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Fiscal Year Ended March 31, 2009 Compared to Fiscal Year Ended March 31, 2008."

(3) Our non-operating income in fiscal year ended March 31, 2009 comprises mainly gain on acquisition of subsidiaries.

(4) This reflects losses in the value of the Japan Portfolio. In fiscal year ended March 31, 2009, a similar decrease was reflected in "Share of results (net of income tax) of jointly-controlled entities".

(5) The number of Shares we use to calculate earnings per Share takes into account the issued Shares of the Company, the number of Shares issued to effect the Japan Reorganization, the GLPH Reorganization and the Share Split (as defined in "Share Capital and Shareholders"), and assumes that the reorganizations had occurred as of the earliest period presented. See "History and Corporate Reorganization".

## SELECTED COMBINED BALANCE SHEET DATA

| | As at March 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| | US$ (in thousands) | | | |
| **Non-current assets** | | | | |
| Investment properties[(1)] | -[(2)] | 6,374,448 | 6,528,973 | 7,258,553 |
| Jointly-controlled entities | 1,568,318[(2)] | 378,826 | 315,469 | 355,878 |
| Other non-current assets | - | 27,530 | 37,658 | 30,096 |
| | 1,568,318 | 6,780,804 | 6,882,100 | 7,644,527 |
| **Total current assets** | 77 | 419,214 | 515,281 | 524,975 |
| **Total assets** | 1,568,395 | 7,200,018 | 7,397,381 | 8,169,502 |
| **Equity attributable to equity holder of the Company** | 1,346,958 | 1,746,484 | 1,566,222 | 2,081,213 |
| **Minority interests**[(3)] | - | 745,952 | 776,197 | 817,092 |
| **Total equity** | 1,346,958 | 2,492,436 | 2,342,419 | 2,898,305 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | - | 2,667,069 | 2,664,831 | 3,018,965 |
| Other non-current liabilities | - | 257,373 | 259,899 | 315,738 |
| | - | 2,924,442 | 2,924,730 | 3,334,703 |
| **Current liabilities** | | | | |
| Loans and borrowings[(4)] | - | 464,640 | 715,749 | 521,155 |
| Trade and other payables[(5)] | 221,437 | 1,288,894 | 1,380,206 | 1,378,939 |
| Other current liabilities | - | 29,606 | 34,277 | 36,400 |
| | 221,437 | 1,783,140 | 2,130,232 | 1,936,494 |
| **Total liabilities** | 221,437 | 4,707,582 | 5,054,962 | 5,271,197 |
| **Total equity and liabilities** | 1,568,395 | 7,200,018 | 7,397,381 | 8,169,502 |

Notes:

(1) This included completed investment properties, investment properties being re-positioned, properties under development and land held for development. See Note 4 to our combined financial statements included in this offering document.

(2) All of our properties were held through entities over which we exercised joint control as of March 31, 2008.

(3) Includes preferred equity issued by our Japan subsidiaries and related accrued dividends, amounting to ¥63,978 million (US$657.6 million), ¥64,689 million (US$697.9 million) and ¥64,691 million (US$729.6 million) as at March 31, 2009, March 31, 2010 and June 30, 2010 respectively, which are to be repaid and replaced by new preferred equity funded from the net proceeds from the Offering, pursuant to the Corporate Reorganization (see "Use of Proceeds" and "History and Corporate Reorganization").

(4) Includes loans from third parties, amounting to US$313.6 million as at March 31, 2010 and June 30, 2010, which have been novated to a related corporation with effect from August 27, 2010 with an accompanying increase in interest-free intercompany advances of US$313.6 million. The intercompany advances will be capitalized by an issue and allotment of ordinary shares and/or will be repaid from net proceeds of the Offering (see "Use of Proceeds" and "History and Corporate Reorganization").

(5) Includes outstanding intercompany advances and shareholders' loans, amounting to US$221.4 million, US$1,121.7 million, US$1,162.4 million and US$1,213.3 million as at March 31, 2008, March 31, 2009, March 31, 2010 and June 30, 2010 respectively, which are to be capitalized by issuance of new Shares and/or repaid from the net proceeds from the Offering. (See "Use of Proceeds" and "History and Corporate Reorganization").

## SELECTED COMBINED STATEMENT OF CASH FLOW DATA

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, | |
|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2009 | 2010 |
| | US$ (in thousands) | | | | |
| Net cash (used in)/from operating activities | (2,925) | 45,328 | 253,842 | 3,492 | 66,167 |
| Net cash from/(used in) investing activities | 42,529 | (894,848) | (159,152) | (80,088) | (21,305) |
| Net cash (used in)/from financing activities | (39,604) | 1,163,055 | 3,130 | 94,289 | (61,695) |
| Net increase/(decrease) in cash and cash equivalents | - | 313,535 | 97,820 | 17,693 | (16,833) |
| Cash and cash equivalents at beginning of year/period | - | - | 304,147 | 304,147 | 412,021 |
| Effect of exchange rate changes on cash balances held in foreign currencies | - | (9,388) | 10,054 | 6,160 | 10,402 |
| Cash and cash equivalents at end of year/period | - | 304,147 | 412,021 | 328,000 | 405,590 |

## SELECTED PRO FORMA FINANCIAL DATA

*You should read the following selected pro forma financial data for the periods and as at the dates indicated in conjunction with the section of this offering document entitled "Discussion and Analysis of Pro Forma Financial Information" and our unaudited pro forma financial statements and the accompanying notes included in this offering document. Our selected pro forma financial data is reported in US dollars and is prepared on a basis that is consistent with the basis of preparation of our combined financial statements.*

*The selected pro forma financial data for the years ended March 31, 2008, 2009 and 2010 and three month period ended June 30, 2010 and as of March 31, 2010 and June 30, 2010 have been derived from our unaudited pro forma financial statements, which is included in this offering document, and the data should be read together with that financial statements and the notes thereto. The pro forma financial statements includes all adjustments, consisting only of adjustments that we consider necessary for a fair presentation of our financial position, operating results and cash flows for the periods presented. Our historical and pro forma results for any prior periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.*

*Our unaudited pro forma financial statements is prepared on a basis that is consistent with the basis of preparation of our combined financial statements. We have prepared and presented our unaudited pro forma financial statements based on our combined financial statements as of and for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010. Our selected pro forma income statement data illustrate the effects of the 2009 Acquisition (as defined herein), the GLPH Acquisition (as defined herein) and all other acquisitions and disposals of companies by our Group subsequent to April 1, 2007, as well as of the Change in Capital Structure (as defined herein), as if such acquisitions and disposals and the Change in Capital Structure had taken place as of April 1, 2007 or the date of incorporation of the relevant entities, if later. Our selected pro forma balance sheet data illustrate the effects of these events as if they had taken place on March 31, 2010 and June 30, 2010, respectively, for the purpose of preparing our pro forma balance sheets as of those dates. See "History and Corporate Reorganization" and note 1 to our unaudited pro forma financial statements included in this offering document for a further discussion of our Corporate Reorganization and the method of preparation of our pro forma financial statements, respectively.*

*The presentation of our unaudited pro forma financial income statements, which treats all acquisitions and disposals of entities that occurred subsequent to April 1, 2007 as if they had occurred as of that date (or, with respect to acquisitions, the date of incorporation of the relevant entity, if later), differs from the manner in which pro forma financial statements would be presented in accordance with Regulation S-X under the US Securities Act. Specifically, the 2009 Acquisition, which took place in February 2009, the GLPH Acquisition, which will only be completed immediately prior to the listing of our Company on the Main Board of the SGX-ST, and the Change in Capital Structure, which has taken place subsequent to June 30, 2010, have all been treated as if they had taken place as of April 1, 2007 (or the date of incorporation of the relevant entity, if later). The retroactive effect given to these transactions significantly differs from and exceeds the retroactive pro forma treatment of businesses acquired or to be acquired pursuant to Regulation S-X under the US Securities Act.*

*For a discussion of the risks relating to relying on our pro forma financial information, see "Risk Factors—Risks relating to Our Business and Operations—Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial statements differs from the presentation that would be required by the SEC".*

## SELECTED PRO FORMA INCOME STATEMENT DATA

| | For the Year Ended March 31, | | | For the Three-month Period Ended June 30, |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| | US$ (in thousands) | | | |
| Revenue | 249,793 | 355,089 | 412,244 | 111,918 |
| Management fees | (10,242) | (14,363) | (9,964) | (27) |
| Property-related expenses | (28,214) | (47,886) | (54,931) | (15,258) |
| Other expenses | (27,231) | (41,199) | (51,948) | (12,701) |
| | 184,106 | 251,641 | 295,401 | 83,932 |
| Share of results (net of income tax) of jointly-controlled entities | 10,601 | 6,708 | 27,997 | 37,042 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 194,707 | 258,349 | 323,398 | 120,974 |
| Net finance costs | (64,163) | (53,328) | (55,033) | (5,838) |
| Non-operating income | 486,373 | 1,885 | – | – |
| **Profit before changes in fair value of investment properties** | 616,917 | 206,906 | 268,365 | 115,136 |
| Changes in fair value of investment properties | (18,134) | (494,181) | (377,047) | 445,796 |
| **Profit/(Loss) before income tax** | 598,783 | (287,275) | (108,682) | 560,932 |
| Income tax (expense)/benefit | (10,465) | 12,484 | (20,659) | (58,419) |
| **Profit/(Loss) for the year/period** | 588,318 | (274,791) | (129,341) | 502,513 |
| **Attributable to:** | | | | |
| Equity holder of the Company | 576,604 | (288,207) | (156,347) | 489,994 |
| Minority interests | 11,714 | 13,416 | 27,006 | 12,519 |
| **Profit/(Loss) for the period/year** | 588,318 | (274,791) | (129,341) | 502,513 |
| **Earnings/(Loss) per share(1) (cents)** | | | | |
| - Basic and diluted | 29.83 | (14.91) | (8.09) | 25.35 |
| - Adjusted for the Offering | 12.79 | (6.40) | (3.47) | 10.87 |

Note:

(1) The number of Shares we use to calculate earnings per Share takes into account the issued Shares of the Company, the number of Shares issued to effect the Japan Reorganization, the GLPH Reorganization and the Share Split (as defined in "Share Capital and Shareholders"), and assumes the GLPH Acquisition as part of the Corporate Reorganization as if the reorganizations had occurred as of the earliest period presented. See "History and Corporate Reorganization".

## SELECTED PRO FORMA BALANCE SHEET DATA

| | As of March 31, 2010 | As of June 30, 2010 |
|---|---|---|
| | US$ (in thousands) | |
| **Non-current assets** | | |
| Investment properties | 6,528,973 | 7,258,553 |
| Intangible assets | 421,860 | 421,860 |
| Jointly-controlled entities | 306,887 | 345,305 |
| Other non-current assets | 41,792 | 35,356 |
| | 7,299,512 | 8,061,074 |
| **Total current assets** | 504,104 | 508,708 |
| **Total assets** | 7,803,616 | 8,569,782 |
| **Equity attributable to equity holder of the Company** | 1,969,434 | 2,484,621 |
| **Minority interests**(1) | 776,826 | 817,092 |
| **Total equity** | 2,746,260 | 3,301,713 |
| **Non-current liabilities** | | |
| Loans and borrowings | 2,494,831 | 2,848,965 |
| Other non-current liabilities | 259,899 | 317,354 |
| | 2,754,730 | 3,166,319 |
| **Current liabilities** | | |
| Loans and borrowings | 572,149 | 377,555 |
| Trade and other payables(2) | 1,696,200 | 1,687,381 |
| Other current liabilities | 34,277 | 36,814 |
| | 2,302,626 | 2,101,750 |
| **Total liabilities** | 5,057,356 | 5,268,069 |
| **Total equity and liabilities** | 7,803,616 | 8,569,782 |

Notes:

(1) Includes preferred equity issued by our Japan subsidiaries and related accrued dividends, amounting to ¥64,689 million (US$697.9 million) and ¥64,691 million (US$729.6 million) as of March 31, 2010 and June 30, 2010, respectively, which are to be repaid and replaced by new preferred equity funded from the net proceeds of the Offering, pursuant to the Corporate Reorganization. See "Use of Proceeds" and "History and Corporate Reorganization".

(2) Includes pro forma intercompany advances from a related corporation, amounting to US$313.6 million as at March 31, 2010 and June 30, 2010, which will be capitalized by an allotment and issue of Shares and/or will be repaid from net proceeds of the Offering. See "Use of Proceeds" and "History and Corporate Reorganization".

## SELECTED PRO FORMA STATEMENT OF CASH FLOW DATA

| | For the Year Ended March 31, 2010 | For the Three-month Period Ended June 30, 2010 |
|---|---|---|
| | US$ (in thousands) | |
| Cash flows from operating activities | 266,963 | 61,067 |
| Cash flows used in investing activities | (573,952) | (21,947) |
| Cash flows from/(used in) financing activities | 417,534 | (67,113) |
| Net increase/(decrease) in cash and cash equivalents | 110,545 | (27,993) |
| Cash and cash equivalents at beginning of year/period | 316,397 | 437,038 |
| Effect of exchange rate changes on cash balances held in foreign currencies | 10,096 | 10,580 |
| Cash and cash equivalents at end of year/period | 437,038 | 419,625 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*In the following section we discuss our historical financial results for the years ended March 31, 2008, 2009 and 2010, and the three-month periods ended June 30, 2009 and 2010. You should read the following discussion together with our audited combined financial statements as of and for the years ended March 31, 2008, 2009 and 2010, and our unaudited interim combined financial statements as of and for the three-month periods ended June 30, 2009 and 2010.*

*This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth under "Risk Factors" and "Notice to Investors—Forward-Looking Statements". We have prepared our combined financial statements in accordance with International Financial Reporting Standards, or IFRS, which may differ in certain significant respects from generally accepted accounting principles in other countries, including the United States.*

### OVERVIEW

We are one of the largest providers of modern logistics facilities in Asia. We are the leading modern logistics facility provider in China and Japan by floor area. China and Japan are Asia's two largest economies and China is one of Asia's fastest-growing logistics markets. Our early mover advantage in these markets has allowed us to establish our presence in strategically located sites across key gateway cities in these countries. For a discussion of what constitutes a "modern" logistics facility in China and Japan, respectively, see "Appendix A—Industry Overview" included herein.

We own, manage and lease out an extensive network of 296 completed properties within 122 integrated parks (including 120 logistics parks and two light assembly facilities parks) with a GFA of approximately 6.2 million sq. m. as of June 30, 2010. In China, we also have interests in an additional 1.0 million sq. m. of properties under development or being repositioned and over 2.2 million sq. m. of GFA under land held for future development. In addition, we also have approximately 4.6 million sq. m. of GFA under land reserve. Our network is spread across 25 major cities in China and Japan. See "Business—Our Portfolio". Each of our parks is strategically located within key logistics hubs and near major seaports, airports, transportation hubs or industrial zones in the greater metropolitan areas of China and Japan. The size and geographic reach of our portfolio allows us to meet our customers' business and expansion needs in multiple locations, offering a significant competitive advantage.

We are managed by a team that includes industry specialists with public company experience led by Jeffrey H. Schwartz, the former Chairman and CEO of ProLogis. Our team has end-to-end capabilities that allow us to comprehensively cater to our customers' needs. We offer value-added services including facility design, site selection, network optimization, property management and co-marketing with customers. We offer a broad range of logistics facility-related solutions spanning various segments including multi-tenanted facilities, build-to-suit/single-tenanted facilities and facilities under sale and leaseback arrangements and are one of the few providers of modern logistics facilities in China and Japan. Our customers include both established multi-national and domestic brands, including Wal-Mart China, DHL, FedEx, UPS, Joyo Amazon, Sony, Panasonic, Yum!, Deppon Logistics, Shanghai Pharma, Hitachi Transport System and Nippon Express.

In connection with our listing of our Company on the Main Board of the SGX-ST, our Group will undertake the Corporate Reorganization. The purpose of the Corporate Reorganization is to rationalize and streamline our business structure and to position our Group as a provider of logistics facilities. See "History and Corporate Reorganization".

## BASIS OF PRESENTATION

Prior to the lodgment of this offering document, we entered into agreements to effect the Corporate Reorganization (as defined in "History and Corporate Reorganization"). The Japan Reorganization and the GLPH Reorganization, which form part of the Corporate Reorganization, are considered to be acquisitions of equity interests by entities under common control, and, therefore, the entities acquired by the Group pursuant to those reorganizations have been accounted for in a manner similar to the pooling of interests method. Accordingly, the assets and liabilities of these entities have been included in our combined financial statements at their historical carrying amounts.

Our combined financial statements present our financial condition, results of operations and cash flows as if the Japan Reorganization and the GLPH Reorganization (each as defined in "History and Corporate Reorganization") had occurred as of April 1, 2007, or, if later, the date of incorporation of the relevant entity. Accordingly, the financial condition, results of operations and cash flows of the entities under common control that are acquired by the Group in connection with the Japan Reorganization and the GLPH Reorganization are included in the Group's combined financial statements as of April 1, 2007, or, if later, the date of incorporation of the relevant entity.

We hold interests in the Japan Portfolio and the China Portfolio through the Japan Funds and the China Fund, respectively (each as defined in "History and Corporate Reorganization"). Prior to February 9, 2009, the date of the 2009 Acquisition, we (on a combined basis) accounted for an 80% interest in the Japan Funds, with ProLogis holding the remaining 20%. With regard to China, prior to the 2009 Acquisition, we held a 67% interest in the China Fund and ProLogis held the remaining 33%.

Our interests in the Japan Funds and the China Fund prior to February 9, 2009 were subject to joint venture agreements with ProLogis, pursuant to which we exercised joint control over the Japan Funds and the China Fund with ProLogis. As a result of these agreements, we did not consolidate the funds in our financial results; instead, we accounted for our interests in the funds using the equity method, recording our share of results of these funds and the entities they held as "share of results (net of income tax) of jointly-controlled entities" and recognizing only our 80% share of the results of the Japan Funds and our 67% share of the results of the China Fund.

Through the 2009 Acquisition, we acquired the remaining 20% and 33% interests in the Japan Funds and China Fund, respectively, from ProLogis, and all other entities owned by ProLogis in China. As a result of this acquisition, beginning on February 9, 2009, the date of the 2009 Acquisition, we accounted for the revenue, property-related expenses and management fees of the properties in the Japan Funds and the China Fund on a consolidated basis.

Since the 2009 Acquisition, we shared joint control over GLPH with SMG. Accordingly, we account for GLPH's results as "share of results (net of income tax) in jointly-controlled entities" in our combined financial statements. GLPH provides management services to our Group. As we account for GLPH as a jointly-controlled entity in our combined financial statements, we record the management fees that we pay to GLPH as an expense in our income statement. In addition, we record our share of management fee income earned by GLPH through "share of results (net of income tax) in jointly-controlled entities" in our combined financial statements.

For the fiscal years ended March 31, 2008 and 2009, with respect to our China properties, we used the results of our internal valuation for the purpose of stating our completed investment properties and investment properties being repositioned at fair value in our combined and pro forma financial statements. Our internal valuations were not inconsistent with the valuations we subsequently obtained from the Independent Valuers. For the fiscal year ended March 31, 2010, we used the valuations of the Independent Valuers in the preparation of our combined and pro forma financial statements.

## NON-COMPARABILITY OF OUR HISTORICAL FINANCIAL STATEMENTS

Our combined financial statements as of and for the fiscal years ended March 31, 2008, 2009 and 2010 are not comparable. As mentioned in the preceding paragraphs, we recognized our properties on an equity-method for fiscal year ended March 31, 2008, and for the period from April 1, 2008 through February 8, 2009, as we only had joint control of the entities through which we hold our properties, i.e. we recognized our share of net assets and results from our portfolio as a single line under interests in jointly-controlled entities on our combined balance sheets and under share of results (net of income tax) of jointly-controlled entities in our combined income statements. From February 9, 2009 through March 31, 2009, and for the fiscal year ended March 31, 2010, following the 2009 Acquisition we consolidated our subsidiaries whereby the assets and liabilities, income and expenses of our subsidiaries are recognized on a line-by-line basis in our combined financial statements. In respect of GLPH, we equity-accounted for our share of its results following the 2009 Acquisition.

Accordingly, our combined income statements for each of the fiscal year ended March 31, 2008, 2009 and 2010 are not comparable, and our combined balance sheet as of March 31, 2008 is not comparable with our combined balance sheets of March 31, 2009 and 2010. For a discussion of the risks relating to the non-comparability of our combined financial information, see "Risk Factors—Risks Relating to Our Business and Operations—Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial statements differs from the presentation that would be required by the SEC".

## CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those accounting policies that reflect significant judgments and which may result in materially different results under different assumptions and conditions. We review these estimates and underlying assumptions on an ongoing basis, and recognize any revisions to these accounting estimates in the financial period in which the estimates are revised and in any future periods affected. The most significant of these critical accounting policies are set out below.

### Recognition and measurement of investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties consist of completed investment properties, investment properties being re-positioned, properties under development and land held for development.

Completed investment properties and investment properties being re-positioned are initially recognized at cost and subsequently carried at fair value, with any changes recognized in profit or loss.

For periods prior to April 1, 2009, properties under development and land held for future development are stated at cost less accumulated amortisation, if applicable. Upon completion of construction, these properties are stated to fair value with any changes recognized in profit or loss.

Effective from April 1, 2009, arising from the amendments made to IAS 40 Investment Property, properties that are being constructed or developed for future use as investment properties also meet the definition of an investment property. Accordingly, subsequent to April 1, 2009, properties under development and land held for future development are stated at their respective fair value at each reporting date, with any changes therein recognized in profit or loss.

In determining fair value, a combination of methods was used by the valuers, including direct comparison, income capitalization and discounted cash flow. The direct comparison method involves analyzing comparable sales of similar properties and adjusting the values based on those comparable properties. The income capitalization approach capitalizes an income stream into a present value using a single-year capitalization rate. The income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

### Business Combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the date of exchange, plus costs directly attributable to the acquisition.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Any excess of the Group's interest in the fair value of net assets acquired, and contingent liabilities, recognized over the cost of acquisition is credited to profit or loss in the period of the acquisition.

### Valuation of Financial Instruments

Our non-derivative financial assets consist of loans and receivables, and our non-derivative financial liabilities consist of interest-bearing liabilities and trade and other payables. We recognize non-derivative financial assets and liabilities initially at fair value (plus any directly attributable transaction costs). Subsequent to initial recognition, these financial assets and financial liabilities are stated at amortised cost using the effective interest method. Derivative financial instruments, which consist solely of interest rates swaps in Japan, are initially recognized and subsequently stated at fair value.

## FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the primary factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects.

### The Effect of the 2009 Acquisition

On February 9, 2009, we acquired the remaining 20% and 33% interests in the Japan Funds and China Fund, respectively, from ProLogis, and all other entities owned by ProLogis in China. We refer to these acquisitions as the "2009 Acquisition". See "History and Corporate Reorganization". Prior to the 2009 Acquisition, we held an 80% interest in the Japan Funds and a 67% interest in the China Fund. We accounted for these interests on an equity basis and did not consolidate the funds in our financial results. As a result of the 2009 Acquisition, we consolidated the results of our subsidiaries in our China Portfolio and our Japan Portfolio.

As a result of the factors and transactions described above, we did not record any revenue or material expenses during fiscal year ended March 31, 2008. During that fiscal year, we did not own any properties in China and all of our Japanese property interests were accounted for using the equity method. During fiscal year ended March 31, 2009, we acquired some property-holding entities in China, and we accounted for these interests and our Japanese property interests using the equity method until February 9, 2009. For these periods, the contribution of these entities to our financial results appeared as share of result (net of income tax) of jointly-controlled entities. After the 2009 Acquisition, for the remainder of the fiscal year ended March 31, 2009, we consolidated the results of our subsidiaries in the China Portfolio and the Japan Portfolio. Accordingly, for fiscal year ended March 31, 2009, we recognized consolidated revenue and expenses relating to these entities for less than two months of the fiscal year. In fiscal year ended March 31, 2010, all of these entities were consolidated, and we recognized their results for the full year in our financial information.

### Changes in the Valuations of our Investment Properties

We state our investment properties at fair value at each reporting date. Any changes in the fair value of our investment properties are recognized in profit or loss. There was a general decrease in the fair value of our properties in Japan, due to the economic conditions in the Japanese property market as a result of the global financial crisis, which had a material impact on our financial results. Although we recorded a fair value gain on revaluation of our investment properties in China during the fiscal year ended March 31, 2010, the value of our Chinese properties in absolute terms is significantly smaller than that of our Japanese properties and, accordingly, only partially offset the loss in Japan. For additional information regarding property valuation trends in Japan and China, see "Appendix A—Industry Overview". In the three-month period ended June 30, 2010, we recorded a gain in the fair value of our properties in Japan and China, as property values increased during that period.

Prior to the 2009 Acquisition, any changes in the fair value of the Japan Portfolio and the China Portfolio were reflected in our income statement under "share of results (net of income tax) of jointly-controlled entities". After the 2009 Acquisition, any subsequent changes in the fair value of the Japan Portfolio or the China Portfolio (except for properties held by our jointly-controlled entities where our share of change in fair value of investment properties are recorded in "share of results (net of income tax) of jointly-controlled entities") were reflected in our income statement under "changes in fair value of investment properties".

### Fluctuations in Exchange Rates

Our properties in Japan and China are valued in the functional currency of our operations in each country, namely Yen and Renminbi. As our reporting currency is the US dollar, we translate the asset and liabilities of our portfolio from the relevant local currency into US dollars at the rate prevailing as of the balance sheet date. Fluctuations in exchange rates will affect the reported value of our properties from period to period.

### The Contribution of the Japan Portfolio to Our Results of Operations

The Japan Portfolio constitutes a large portion of our investment property portfolio. As of March 31, 2010 and June 30, 2010, the properties in the Japan Portfolio made up 80.6% and 80.0% percent of the total value of our investment property portfolio, respectively. Due to the relative size of the Japan Portfolio, changes in the fair value of our properties in Japan will have a significant impact on our financial results.

### General Economic Conditions and Supply and Demand for Modern Logistics Facilities, in Particular in China

Demand for logistics facilities generally rises and falls with fluctuations in general economic activity and growth in GDP. In China, we believe that domestic consumption, as well as export activity, will be factors that will continue to drive economic growth. If GDP growth slows, we expect customers to delay or cancel expansion plans for their operations, including the rental of additional logistics facilities. Conversely, as GDP growth increases or holds steady at high rates, we expect customers to expand their operations accordingly and demand additional logistics facilities space, either in existing markets or new markets or both.

## PRINCIPAL COMPONENTS OF OUR INCOME STATEMENT

### Revenue

Our revenue consists of rental income from the leasing of our properties and related income. We recognize rental income on a straight-line basis over the term of the lease. In fiscal year ended March 31, 2008 and the first ten months of fiscal year ended March 31, 2009, revenue was reflected in our share of results of jointly-controlled entities. All of the leases for the properties in the Japan Portfolio and the China Portfolio are denominated in Japanese Yen and Renminbi, respectively.

The following table sets forth our revenue by country for the periods indicated.

| | Year Ended March 31, | | | Three-month Period Ended June 30, | |
|---|---|---|---|---|---|
| | 2008[(1)] | 2009[(1)] | 2010 | 2009 | 2010 |
| | US$ (in thousands) | | | | |
| China | - | 6,808 | 61,802 | 13,768 | 19,304 |
| Japan | - | 44,470 | 346,166 | 82,642 | 91,637 |
| Total | - | 51,278 | 407,968 | 96,410 | 110,941 |

Note:

(1) In fiscal years ended March 31, 2008 and 2009 (until February 9, 2009) we only had joint control of the entities through which we held our properties. Accordingly, we recognized the revenue from our investment properties in those periods through our share of results (net of income tax) of jointly-controlled entities.

## Management Fees

Expenses for management fees consist primarily of asset management and investment management fees. We paid these fees to ProLogis with respect to our properties in Japan and China until the termination of the management agreements, after which we paid these fees to GLPH. In fiscal year ended March 31, 2008 and the first ten months of fiscal year ended March 31, 2009, management fees were reflected in our share of results (net of income tax) of jointly-controlled entities. As part of the 2009 Acquisition, GLPH became a 50-50 joint venture between SMG and us, and we accounted for GLPH on an equity basis. As a result, we recognized fees we paid to GLPH as an expense in our income statement while at the same time recognizing our share of the results of our ownership interest in GLPH, which includes the management fees paid by us.

## Property-Related Expenses

Property-related expenses include general operating expenses incurred in the operation of our properties in both China and Japan and property taxes that we are required to pay in connection with ownership of real property in the markets in which we operate.

## Other Expenses

Other expenses primarily include professional fees and other general and administrative expenses.

## Share of Results (Net of Income Tax) of Jointly-Controlled Entities

Our share of results (net of income tax) of jointly-controlled entities consists of our share of the income and expenses which includes the revaluation of gains and losses of investment properties held by our jointly-controlled entities. Prior to the 2009 Acquisition, these entities consisted of the Japan Funds and the China Fund. After the 2009 Acquisition, these entities comprised GLPH and entities in China which are jointly-controlled with third parties.

## Net Finance Costs

Net finance costs consists primarily of interest income on fixed deposits and other interest income, interest paid on bonds and bank loans, amortization of transaction costs of bonds, foreign exchange gain or loss of monetary assets and liabilities and changes in the fair value of our financial derivatives. See "—Liquidity and Capital Resources—Borrowings" and "—Market Risk—Foreign Exchange Risk" for a description of our borrowings and the effects of currency fluctuations on our net finance costs.

### Non-Operating Income/(Expenses)

Non-operating income/(expenses) in our combined income statements primarily consists of gain from the acquisition of subsidiaries and gain or loss from the disposal of subsidiaries or jointly-controlled entities. In fiscal year ended March 31, 2009, we recognized a net acquisition gain in connection with the 2009 Acquisition of US$290.2 million, while the expense in fiscal year ended March 31, 2010 consisted of a loss on the disposal of a non-core subsidiary and its jointly-controlled entities in China.

### Changes in Fair Value of Investment Properties

Our investment properties are stated at fair value at each reporting date, and changes in the fair value are recognized in profit or loss. For a discussion of how we determine fair value, see "—Critical Accounting Policies—Recognition and measurement of investment properties".

### Income Tax Expense

Our income tax expense consists of current and deferred tax that are recognized in the relevant period. See "—Taxation" and note 21 to our combined financial statements included in this offering document for a further description of our income tax expenses.

### Minority interests

Minority interests represent primarily dividend payments made to preference shareholders of certain subsidiaries of the Japan Funds and interests in the results of third parties in our Chinese subsidiaries over which we exercise management control but do not wholly own.

## RESULTS OF OPERATIONS

The following table sets forth our combined income statement for the periods indicated.

| | Year Ended March 31, | | | Three-month Period Ended June 30, | |
|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2009 | 2010 |
| | US$ (in thousands) | | | | |
| Revenue | - | 51,278 | 407,968 | 96,410 | 110,941 |
| Management fees | - | (4,012) | (35,101) | (4,940) | (7,619) |
| Property-related expenses | – | (7,241) | (53,683) | (13,092) | (14,820) |
| Other expenses | (932) | (3,527) | (22,057) | (6,432) | (4,264) |
| | (932) | 36,498 | 297,127 | 71,946 | 84,238 |
| Share of results (net of income tax) of jointly-controlled entities | 16,574 | (280,280) | 31,984 | 6,143 | 38,956 |
| **Profit/(Loss) from operating activities after share of results of jointly-controlled entities** | 15,642 | (243,782) | 329,111 | 78,089 | 123,194 |
| Net finance costs | - | (9,633) | (60,468) | (18,552) | (6,741) |
| Non-operating income/(expenses) | (273) | 290,207 | (27,680) | - | - |
| **Profit before changes in fair value of investment properties** | 15,369 | 36,792 | 240,963 | 59,537 | 116,453 |
| Changes in fair value of investment properties | - | - | (369,006) | (70,866) | 441,828 |
| **Profit/(Loss) before income tax** | 15,369 | 36,792 | (128,043) | (11,329) | 558,281 |
| Income tax expense | (1,918) | (4,433) | (21,637) | (7,458) | (57,725) |
| **Profit/(Loss) for the year/period** | 13,451 | 32,359 | (149,680) | (18,787) | 500,556 |
| **Profit/(Loss) attributable to:** | | | | | |
| Equity holders of the Company | 13,451 | 31,946 | (176,685) | (28,742) | 488,039 |
| Minority interests | - | 413 | 27,005 | 9,955 | 12,517 |
| **Profit/(Loss) for the year/period** | 13,451 | 32,359 | (149,680) | (18,787) | 500,556 |
| **Earnings/(Loss) per share (cents)** | | | | | |
| Basic and diluted(1) | 0.58 | 1.32 | (6.52) | (1.18) | 18.01 |

Note:

(1) The number of shares we use to calculate earnings per share takes into account the issued shares of the Company and the number of shares issued to effect the Japan Reorganization and the GLPH Reorganization as part of the Corporate Reorganization. See "History and Corporate Reorganization".

**Three-Month Period Ended June 30, 2010 Compared to Three-Month Period Ended June 30, 2009**

***Revenue.*** Our revenue increased by 15.1% to US$110.9 million during the three-month period ended June 30, 2010 from US$96.4 million during the three-month period ended June 30, 2009.

Our revenue in Japan increased by 10.9% to US$91.6 million during the three-month period ended June 30, 2010 from US$82.6 million during the three-month period ended June 30, 2009. This increase was primarily attributable to improvement in our operational performance and the strengthening of the Japanese Yen against the U.S. dollar, with average exchange rate increasing by approximately 5.4%, which correspondingly increased our revenue upon translation to U.S. dollars.

Our revenue in China increased by 40.2% to US$19.3 million during the three-month period ended June 30, 2010 from US$13.8 million during the three-month period ended June 30, 2009. This increase was mainly due to the completion and stabilization of development projects, increasing the leased area of the properties owned by our subsidiaries in China to 1.54 million sq.m. as of June 30, 2010 from 1.12 million sq.m. as of June 30, 2009.

***Management fees.*** Management fees increased 54.2% to US$7.6 million during the three-month period ended June 30, 2010 from US$4.9 million during the corresponding period in 2009 due to the expansion of our investment portfolio in China.

***Property-related expenses.*** Our property-related expenses increased 13.2% to US$14.8 million during the three-month period ended June 30, 2010 from US$13.1 million during the corresponding period in 2009. This increase was primarily attributable to completion of development projects which increased the leaseable area of our properties in China.

***Other expenses.*** Our other expenses decreased 33.7% to US$4.3 million during the three-month period ended June 30, 2010 from US$6.4 million during the corresponding period in 2009. This decrease was primarily attributable to non-recurring expenses relating to termination of certain development projects in China of US$2.0 million and professional fees of US$1.1 million during the three-month period ended June 30, 2009. This decrease is partly offset by an increase in other recurring expenses as a result of the expansion of our investment portfolio in China.

***Share of results (net of income tax) of jointly-controlled entities.*** Our share of results of jointly-controlled entities increased to US$39.0 million during the three-month period ended June 30, 2010 from US$6.1 million during the corresponding period in 2009. The increase during the three-month period ended June 30, 2010 was primarily attributable to our share of the increase in fair value of the investment properties held by jointly-controlled entities in China of US$45.6 million as a result of improvements in property prices experienced in China.

***Profit from operating activities after share of results of jointly-controlled entities.*** Our profit from operating activities after share of results of jointly-controlled entities increased 57.8% to US$123.2 million during the three-month period ended June 30, 2010 from US$78.1 million recorded during the corresponding period in 2009, due to the reasons described above.

***Net finance costs.*** Our net finance costs decreased to US$6.7 million during the three-month period ended June 30, 2010 from US$18.6 million during the corresponding period in 2009. This decrease was primarily attributable to a foreign exchange gain of US$9.8 million recognized during the three-month period ended June 30, 2010 as compared to an exchange gain of US$3.2 million during the corresponding period in 2009. These exchange gains were mainly attributable to the US dollar-denominated intercompany advances of US$254.5 million and US$253.3 million as at June 30, 2010 and March 31, 2010, respectively, borrowed by JLP 1 which uses the Japanese Yen as its functional currency. In addition, we recognized a gain of US$1.7 million in fair value financial derivatives during the three-month period ended June 30, 2010 as compared to recognizing a US$5.4 million loss in the corresponding period in 2009. These decreases were partially offset by an increase in interest expense relating to our outstanding bonds by US$0.8 million from US$11.1 million during the three-month period ended June 30, 2009 to US$11.9 million during the three-month period ended June 30, 2010 and an increase in interest expense relating to bank loans by US$0.5 million from US$4.6 million during the three-month period ended June 30, 2009 to US$5.1 million during the three-month period ended June 30, 2010. The increases in our interest expense relating to bonds and bank loans was primarily due to an increase to the outstanding principal amount indebtedness from an aggregate amount of US$3.38 billion in March 31, 2010 to US$3.54 billion in June 30, 2010.

***Profit before changes in fair value of investment properties.*** Our profit before changes in fair value of investment properties increased 95.6% to US$116.5 million during the three-month period ended June 30, 2010 from US$59.5 million during the corresponding period in 2009, due to the reasons described above.

***Changes in fair value of investment properties.*** We recorded a gain of US$441.8 million during the three-month period ended June 30, 2010 due to increases in the fair value of our investment properties. Of that amount, US$292.6 million related to Japan and US$149.2 million related to China as a result of improvements in property prices experienced in Japan and China. During the three-month period ended June 30, 2009, we recorded a net fair value loss of US$70.9 million which is a result of a fair value loss of US$108.6 million in Japan, partially offset by a US$37.7 million fair value gain in China.

***Profit/(Loss) before income tax.*** As a result of the foregoing, we realized a pre-tax profit during the three-month period ended June 30, 2010 of US$558.3 million compared to a pre-tax loss during the corresponding period in 2009 of US$11.3 million.

***Income tax expense.*** Our income tax expense was US$57.7 million during the three-month period ended June 30, 2010 compared to US$7.5 million during the corresponding period in 2009. Of those amounts, US$54.9 million and US$5.1 million are attributable to deferred tax expense relating to the periods ended June 30, 2010 and 2009, respectively. The increase in deferred tax for the three-month period ended June 30, 2010 primarily related to the increase in the fair value of our properties in Japan and China.

***Profit/(Loss) for the period.*** As a result of the foregoing, we recognized a profit during the three-month period ended June 30, 2010 of US$500.6 million, compared to a loss during the corresponding period in 2009 of US$18.8 million.

***Profit/(Loss) attributable to equity holders of the Company.*** The portion of our net profit attributable to equity holders of our Company was US$488.0 million during the three-month period ended June 30, 2010, compared to a loss of US$28.7 million during the corresponding period in 2009.

***Profit attributable to minority interests.*** Holders of minority interests in our subsidiaries realized a profit during the three-month period ended June 30, 2010 amounting to US$12.5 million and a profit during the corresponding period in 2009 amounting to US$10.0 million, which resulted primarily from fixed dividend payments to the preference shareholders of certain of our Japanese subsidiaries, as well as share of the net profit attributable to minority interests in certain of our Chinese subsidiaries.

**Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009**

***Revenue.*** Our revenue increased to US$408.0 million in fiscal year ended March 31, 2010 from US$51.3 million in fiscal year ended March 31, 2009. This increase was primarily due to the full year effect, in fiscal year ended March 31, 2010, of the 2009 Acquisition as compared to fiscal year ended March 31, 2009 when we recognized less than two months of revenue. Our revenue from Japan increased to US$346.2 million in fiscal year ended March 31, 2010 from US$44.5 million in fiscal year ended March 31, 2009, while our revenue from China increased to US$61.8 million in fiscal year ended March 31, 2010 from US$6.8 million in fiscal year ended March 31, 2009.

***Management fees.*** Management fees increased to US$35.1 million in fiscal year ended March 31, 2010 from US$4.0 million in fiscal year ended March 31, 2009, due to the full-year effect in fiscal year ended March 31, 2010 of the 2009 Acquisition. Prior to the 2009 Acquisition, management fees were reflected in share of results of jointly-controlled entities.

***Property-related expenses.*** Our property-related expenses increased to US$53.7 million in fiscal year ended March 31, 2010 from US$7.2 million in fiscal year ended March 31, 2009. This increase was primarily attributable to the full-year effect in fiscal year ended March 31, 2010 of the 2009 Acquisition.

***Other expenses.*** Our other expenses increased to US$22.1 million in fiscal year ended March 31, 2010 from US$3.5 million in fiscal year ended March 31, 2009. This increase was primarily attributable to the full-year effect in fiscal year ended March 31, 2010 of the 2009 Acquisition.

***Share of results (net of income tax) of jointly-controlled entities.*** Our share of results of jointly-controlled entities increased to US$32.0 million in fiscal year ended March 31, 2010 from a share of loss of US$280.3 million in fiscal year ended March 31, 2009. This comprises our share of results from operations before changes in fair value of investment properties of US$16.4 million and US$166.2 million, share of increases/(decreases) in fair value of investment properties of US$26.1 million and US$(429.9) million and share of income tax of US$10.5 million and US$16.6 million in fiscal years ended March 31, 2010 and 2009 respectively. The decrease in our share of results from operations before changes in fair value of investment properties in fiscal year ended March 31, 2010 as opposed to fiscal year ended March 31, 2009 was due to the majority of the Group's jointly-controlled entities becoming wholly-owned subsidiaries in February 2009, subsequent to the 2009 Acquisition.

The gain in fiscal year ended March 31, 2010 was due to the profit generated by our jointly-controlled entities in China, including our share of the increase in fair value of investment properties of US$26.1 million, during that fiscal year. Our share of loss in fiscal year ended March 31, 2009 was primarily due to the decrease in fair value of the investment properties held by the Japan Funds, which comprised completed investment properties. This decline was a result of the declining property prices experienced in Japan, contributed by the global financial crisis. Because we only had joint control of these investment properties at that time, our share of the decrease in fair value of the Japan portfolio in 2009 of US$434.7 million was included in this line item. In fiscal year ended March 31, 2010, after the 2009 Acquisition, the decrease in the fair value of the Japan portfolio of US$458.9 million was reflected in our income statement under "changes in fair value of investment properties".

***Profit/(Loss) from operating activities after share of results of jointly-controlled entities.*** Our profit/(loss) from operating activities after share of results of jointly-controlled entities increased to a profit of US$329.1 million in fiscal year ended March 31, 2010 from a loss of US$243.8 million in fiscal year ended March 31, 2009, due to the reasons described above.

***Net finance costs.*** Our net finance costs increased to US$60.5 million in fiscal year ended March 31, 2010 from US$9.6 million in fiscal year ended March 31, 2009. This increase was primarily attributable to an increase in interest expense on our bonds and bank loans from US$6.3 million to US$50.0 million and from US$2.3 million to US$16.6 million respectively. Both these increases were due to the full-year effect of interest expenses in fiscal year ended March 31, 2010, as compared to fiscal year ended March 31, 2009. At March 31, 2010, we had bonds of US$2,705.2 million and bank loans of US$675.4 million, while at March 31, 2009, we had bonds of US$2,576.9 million and bank loans of US$554.8 million.

The increase in interest expense was partially offset by an unrealized foreign exchange gain of US$13.3 million, mainly arising from US dollar denominated intercompany advances borrowed by JLP 1, which uses the Japanese Yen as its functional currency. As at March 31, 2010 and March 31, 2009, such intercompany advances amounted to US$253.3 million and US$292.0 million, respectively.

***Non-operating income/(expenses).*** Our combined non-operating expenses were US$27.7 million in fiscal year ended March 31, 2010, as compared to an income of US$290.2 million in fiscal year ended March 31, 2009. The combined non-operating income in fiscal year ended March 31, 2009 results from a net acquisition gain of US$290.2 million related to the acquisition of our subsidiaries in the 2009 Acquisition, while the combined non-operating expense in fiscal year ended March 31, 2010 consisted of a loss on the disposal of a non-core subsidiary, Shenzhen Yuanshengli Management Co., Ltd and its jointly-controlled entities in China totalling US$27.7 million.

***Profit before changes in fair value of investment properties.*** Our profit before change in fair value of investment properties increased to US$241.0 million in fiscal year ended March 31, 2010 from US$36.8 million fiscal year ended March 31, 2009, due to the reasons described above.

***Changes in fair value of investment properties.*** We recorded an expense of US$369.0 million in fiscal year ended March 31, 2010 due to decreases in the fair value of our investment properties. Our portfolio of investment properties in Japan and China recorded a fair value loss of US$458.9 million and fair value gain of US$89.9 million, respectively. These decreases are related to declining property prices in Japan as a result of the global financial crisis but are partially offset by an improvement in property prices in China.

***Profit/(Loss) before income tax.*** As a result of the foregoing, we incurred a pre-tax loss in fiscal year ended March 31, 2010 of US$128.0 million compared to a pre-tax profit in fiscal year ended March 31, 2009 of US$36.8 million.

***Income tax expense.*** Our income tax expense was US$21.6 million in fiscal year ended March 31, 2010 compared to US$4.4 million in fiscal year ended March 31, 2009.

***Profit/(Loss) for the year.*** As a result of the foregoing, we incurred a loss for the fiscal year ended March 31, 2010 of US$149.7 million compared to realizing a profit in fiscal year ended March 31, 2009 of US$32.4 million.

***Profit/(Loss) attributable to equity holders of the Company.*** The portion of our net loss attributable to equity holders of our Company was US$176.7 million in fiscal year ended March 31, 2010, compared to a profit of US$31.9 million in fiscal year ended March 31, 2009.

***Profit/(Loss) attributable to minority interests.*** Holders of minority interests in our subsidiaries realized a profit in fiscal year ended March 31, 2010 amounting to US$27.0 million and a profit in fiscal year ended March 31, 2009 amounting to US$0.4 million, which resulted primarily from fixed dividend payments to the preference shareholders of certain of our Japanese subsidiaries, as well as share of the net profits attributable to minority interests in certain of our Chinese subsidiaries.

**Fiscal Year Ended March 31, 2009 Compared to Fiscal Year Ended March 31, 2008**

Prior to the 2009 Acquisition, we only had joint control of our then-existing properties. Accordingly, we did not recognize any revenue or expenses in our combined financial information. We accounted for those properties on an equity basis by recognizing our 80% share of the results of the Japan Funds and our 67% share of the results of the China Fund. On February 9, 2009, we acquired from ProLogis its 20% share in the Japan Funds and its 33% share in the China Fund (together with all other entities held by ProLogis in China) and commenced recognizing all of the revenue and expenses of our subsidiaries from the acquisition date.

As a result of the 2009 Acquisition, our revenue and expenses for fiscal year ended March 31, 2009 reflect the contribution of the properties in the Japan Portfolio and the China Portfolio for the period between February 9, 2009 to March 31, 2009.

***Other expenses.*** Our other expenses increased to US$3.5 million in fiscal year ended March 31, 2009 from US$0.9 million in fiscal year ended March 31, 2008. This increase was primarily attributable to professional fees incurred in connection with the 2009 Acquisition.

***Share of results (net of income tax) of jointly-controlled entities.*** Our share of results of jointly-controlled entities decreased to a loss of US$280.3 million in fiscal year ended March 31, 2009 from a gain of US$16.6 million in fiscal year ended March 31, 2008. This comprises our share of results from operations before changes in fair value in investment properties of US$166.2 million and US$87.0 million, share of decrease in fair value of investment properties of US$429.9 million and US$69.9 million and share of income tax of US$16.6 million and US$0.5 million in fiscal years ended March 31, 2009 and 2008 respectively. The increase in our share of results from operations before changes in fair value of investment properties for the fiscal year ended March 31, 2009 as compared to the fiscal year ended March 31, 2008 was largely attributable to an increase in the number of properties and leased area of properties held by our Japan Funds. Our Japan Funds had a total of 70 properties, with leased area of 2.52 million sq. m. and a total of 64 properties with leased area of 2.18 million sq. m. as at March 31, 2009 and March 31, 2008, respectively.

The loss in fiscal year ended March 31, 2009 was mainly due to the loss generated by our jointly-controlled entities in Japan, including our share of the decrease in fair value of investment properties in Japan of US$434.7 million during that fiscal year, partly offset by our share of increase in fair value of investment properties in China of US$4.8 million. Our share of loss in fiscal year ended March 31, 2008 was primarily due to our share of decrease in fair value of the investment properties held by the Japan Funds, which comprised completed investment properties. This decline, which amounted to US$69.9 million, was a result of the declining property prices experienced in Japan.

***Profit/(Loss) from operating activities after share of results of jointly-controlled entities.*** Our profit/(loss) from operating activities after share of results of jointly-controlled entities decreased to a loss of US$243.8 million in fiscal year ended March 31, 2009 from a profit of US$15.6 million in fiscal year ended March 31, 2008, as a result of the reasons described above.

***Net finance costs.*** In fiscal year ended March 31, 2008, we did not recognize the net finance costs relating to the properties in our income statement, because we only had joint control of the entities in our portfolio at that time. In fiscal year ended March 31, 2009, we recognized in our income statement the net finance costs which we incurred in the period between the 2009 Acquisition and March 31, 2009, amounting to US$9.6 million. Net finance costs in fiscal year ended March 31, 2009 included US$6.3 million in interest expense on our bonds and US$2.3 million in interest expense on bank loans.

***Non-operating income/(expenses).*** Our non-operating income/(expenses) in fiscal year ended March 31, 2008 amounted to an expense of US$0.3 million, as a result of a loss on the disposal of two jointly-controlled entities, while we recognized non-operating income in an amount of US$290.2 million in fiscal year ended March 31, 2009, resulting from an acquisition gain related to the 2009 Acquisition.

***Profit before changes in fair value of investment properties.*** Our profit before changes in fair value of investment properties increased to US$36.8 million in fiscal year ended March 31, 2009 from US$15.4 million fiscal year ended March 31, 2008, as a result of the reasons described above.

***Changes in fair value of investment properties.*** For fiscal year ended March 31, 2008, any changes in the fair value of our investment properties are reflected in our share of results (net of income tax) of jointly-controlled entities, as we only had joint control of the properties in fiscal year ended March 31, 2008. With respect to the following fiscal year, we obtained internal and external valuations of our investment properties and recognized the fair value change of our investment properties. There was no change in the fair value of our properties attributable to the period between February 9, 2009 and March 31, 2009.

***Profit before income tax.*** As a result of the foregoing, we generated a pre-tax profit before income tax in fiscal year ended March 31, 2009 amounting to US$36.8 million compared to a pre-tax profit in fiscal year ended March 31, 2008 amounting to US$15.4 million.

***Income tax expense.*** Our income tax expense was US$4.4 million in fiscal year ended March 31, 2009 compared to US$1.9 million in fiscal year 2008, primarily as a result of the increase in taxable income.

***Profit for the year.*** As a result of the foregoing, our profit for the fiscal year ended March 31, 2009 amounted to US$32.4 million compared to a profit in fiscal year ended March 31, 2008 amounting to US$13.5 million.

## LIQUIDITY AND CAPITAL RESOURCES

We have in the past met our working capital and other capital requirements primarily from loans and intercompany advances from our immediate holding company and related corporations, bonds issued by the TMK subsidiaries of our Japan Funds, bank borrowings, cash flows generated by operating activities and capital contributions.

### Financial Resources

As of June 30, 2010, we had aggregate cash and cash equivalents of US$405.6 million compared to US$412.0 million as of March 31, 2010, and US$304.1 million (consisting of bank deposits but excluding certain bank balances of subsidiaries which have been pledged with banks as security of US$7.3 million) as of March 31, 2009. No bank balances of subsidiaries have been pledged with banks as of June 30, 2010 and March 31, 2010.

Following the Loan Repayment and Capitalization described in "History and Corporate Reorganization", we believe that we have adequate working capital for our present requirements and that our net cash generated from operating activities, together with cash and cash equivalents, the net proceeds from the Offering, capital injections and short-term borrowings will provide sufficient funds to satisfy our working capital requirements for the next 12 months. We view our working capital requirements as consisting of employee salaries, general and administrative expenses and property taxes. In addition, depending on our capital requirements, market conditions and other factors, we may raise additional funds through additional debt.

The following table sets forth a selected summary of our statement of cash flows for the periods indicated.

| | Year Ended March 31, | | | Three-Month Period Ended June 30, | |
|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2009 | 2010 |
| | US$ (in thousands) | | | | |
| Net cash flow (used in)/from operating activities | (2,925) | 45,328 | 253,842 | 3,492 | 66,167 |
| Net cash flow from/(used in) investing activities | 42,529 | (894,848) | (159,152) | (80,088) | (21,305) |
| Net cash flow (used in)/from financing activities | (39,604) | 1,163,055 | 3,130 | 94,289 | (61,695) |
| **Net increase/(decrease) in cash and cash equivalents** | - | 313,535 | 97,820 | 17,693 | (16,833) |
| Cash and cash equivalents at beginning of year/period | - | - | 304,147 | 304,147 | 412,021 |
| Effect of exchange rate changes on cash balances held in foreign currencies | - | (9,388) | 10,054 | 6,160 | 10,402 |
| **Cash and cash equivalents at end of year/period** | - | 304,147 | 412,021 | 328,000 | 405,590 |

**Net Cash Flow from Operating Activities**

Cash flow from operating activities reflect (i) profit for the year/period adjusted for non-cash items, such as share of results of jointly-controlled entities, changes in fair value of investment properties, negative goodwill on acquisition of subsidiaries and loss on disposal/liquidation of subsidiaries and jointly-controlled entities; (ii) the effects of changes in working capital such as increases or decreases in trade and other receivables and trade and other payables; and (iii) other cash items such as income tax paid.

Our net cash flows from operating activities increased to US$66.2 million in the three-month period ended June 30, 2010 from US$3.5 million in the three-month period ended June 30, 2009. This was primarily attributed to the following: (i) an improvement in our cash flows from operations before working capital changes of US$18.8 million. Our cash flows from operations before working capital changes increased from US$75.2 million during the three-month period ended June 30, 2009 to US$94.0 million during the three-month period ended June 30, 2010 due mainly to increase in cash flow generated from our property-related activities, arising from improvement in our operational performance; and (ii) decrease in our working capital changes of US$44.0 million, of which US$38.2 million relates to a decrease in advance rental received (included in trade and other payables caption) of US$7.2 million in the three-month period ended June 30, 2010 as compared to a decrease of US$45.4 million in the three-month period ended June 30, 2009. During the three-month period ended June 30, 2010, we recorded a net working capital cash outflow of US$27.4 million, as compared to a net working capital cash outflow of US$71.4 million for the three-month period ended June 30, 2009.

Our net cash flow from operating activities increased to US$253.8 million in 2010 from a net cash inflow of US$45.3 million in fiscal year ended March 31, 2009. Cash flows from operations before working capital changes also increased to US$310.6 million in fiscal year ended March 31, 2010 from a net cash inflow of US$36.5 million in fiscal year ended March 31, 2009. These increases were primarily due to the cash flows contribution from properties held by our subsidiaries acquired via the 2009 Acquisition for the entire year 2010, as opposed to the partial cash flow contribution in 2009 from these assets, since they were only consolidated from February 9, 2009 onwards. Prior to the 2009 Acquisition, cash inflows from our Japan and China assets were recognized by way of dividend income received since they were equity accounted for in our combined financial statements.

We have a negative change in working capital of US$48.0 million in fiscal year ended March 31, 2010 as compared to a positive change of US$14.3 million in fiscal year ended March 31, 2009. The net negative change of US$62.3 million was mainly due to accrued dividend payable to Reco Benefit and Reco Heir (included in trade and other payables caption) of US$64.8 million recognized at the end of 2010.

**Net Cash Flow from Investing Activities**

Our net cash flow used in investing activities for the three-month period ended June 30, 2010 was US$21.3 million, mainly attributable to development expenditure for our investment properties in China of US$21.8 million.

Our net cash flow used in investing activities for the three-month period ended June 30, 2009 was US$80.1 million, primarily attributable to (i) the acquisition of three additional subsidiaries, two of which were in Japan and the other in China, which amounted to US$65.7 million and (ii) development expenditure for our investment properties in China of US$14.8 million.

Our net cash flow used in investing activities in fiscal year ended March 31, 2010 was US$159.2 million. This was mainly attributable to (i) development expenditure for our investment properties in China and Japan of US$113.3 million, (ii) the acquisition of three additional subsidiaries, two of which were in Japan and the other in China, which amounted to US$65.7 million and (iii) the acquisition of remaining interests of a subsidiary in China which amounted to US$10.1 million. These were partially offset by (i) proceeds received from the divestment of a subsidiary in China which amounted to US$12.3 million, (ii) proceeds received from the divestment of investment properties in Japan which amounted to US$9.9 million, (iii) dividends received from jointly-controlled entities in China of US$6.3 million and (iv) interest income received of US$1.6 million.

Our net cash flow used in investing activities in fiscal year ended March 31, 2009 was US$894.8 million. This was mainly attributable to (i) the 2009 Acquisition comprising the acquisition of the Japan Funds and the China Fund and all other entities held by ProLogis in China which amounted to US$917.0 million (ii) development expenditure for our investment properties primarily in China of US$15.1 million and (iii) partly offset by dividend received from jointly-controlled entities of US$33.6 million.

Our net cash flow generated from investing activities in fiscal year ended March 31, 2008 was US$42.5 million. This was mainly attributable to (i) dividends received from our equity investments in the China Portfolio and the Japan Portfolio of US$37.2 million and (ii) proceeds received from the divestment of a jointly-controlled entity in Japan of US$5.4 million.

**Net Cash Flow from Financing Activities**

Our net cash flow used in financing activities for the three-month period ended June 30, 2010 was US$61.7 million and was mainly attributable to (i) the redemption of bonds issued by the TMK subsidiaries of the Japan Funds of US$223.5 million, (ii) dividends paid by the Japan Funds to our immediate holding company and related corporations of US$114.6 million, (iii) repayment of bank loans US$35.0 million, (iv) interest expense paid of US$17.0 million, (v) proceeds of loans and advances from immediate holding company of US$38.3 million, (vi) proceeds from bank loans of US$181.6 million and (vii) proceeds from issue of bonds by the TMK subsidiaries of the Japan Funds of US$108.3 million.

Our net cash flow from financing activities for the three-month period ended June 30, 2009 was US$94.3 million and was mainly attributable to (i) proceeds from bank loans of US$115.9 million, (ii) proceeds of advances from immediate holding company of US$1.1 million, (iii) reduction in deposits pledged of US$7.3 million, (iv) repayment of bank loans of US$9.7 million, (v) interest expense paid of US$15.7 million and (vi) dividends paid by the Japan Funds to our immediate holding company and related corporations of US$4.5 million.

Our net cash flow from financing activities for fiscal year ended March 31, 2010 was US$3.1 million and was mainly attributable to (i) bank borrowings of US$160.5 million, (ii) loans and advances of US$6.2 million from our immediate holding company and its related corporations. These were partly offset by (i) dividends paid of US$17.4 million, (ii) interest paid of US$67.1 million with respect to bank borrowings and bonds, (iii) the redemption of bonds amounting to US$42.6 million, (iv) the redemption of preference securities amounting to US$30.7 million and (v) the repayment of bank borrowings amounting to US$13.0 million.

Our net cash flow from financing activities for fiscal year ended March 31, 2009 was US$1.2 billion and was mainly attributable to the 2009 Acquisition and can be broken down as follows: (i) loans and advances of US$661.0 million from our immediate holding company and its related corporations, (ii) a capital contribution of US$262.0 million from our related corporations and (iii) bank borrowings of US$334.8 million. These were partly offset by (i) dividends paid of US$67.2 million, (ii) the redemption of preference shares amounting to US$10.2 million, (iii) interest paid of US$8.6 million with respect to bank borrowings and bonds, (iv) deposits pledged of US$7.3 million and (v) the repayment of bank borrowings amounting to US$1.3 million.

Our net cash flow used in financing activities for fiscal year ended March 31, 2008 was US$39.6 million which was attributable to the repayment of an advance from our related corporations.

## Borrowings

Our third party borrowings consist of bonds and bank loans, aggregating US$3,540.1 million as of June 30, 2010. Our indebtedness were made up of US$2,709.4 million in secured bonds, US$479.8 million of secured bank loans and US$350.9 million of unsecured bank loans. The secured bonds and secured bank loans are collateralized by pledges on our subsidiaries' investment properties with an aggregated carrying amount of US$6,585.0 million. We also had shareholder loans and intercompany advances amounting to US$1,213.3 million as of June 30, 2010.

The table below sets forth certain information about our bank borrowings and our bonds as of June 30, 2010.

| | As of June 30, 2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Loan Amount | | | Maturity | | | Status | | |
| | Fixed | Floating | Total | Within 1 year | 1-5 years | After 5 years | Utilized | Available | Interest Rate |
| | US$ (in thousands) | | | | | | | | % |
| **China** | | | | | | | | | |
| Secured loans . . | - | 268,464 | 268,464 | 20,827 | 141,394 | 106,243 | 268,464 | 23,160 | 4.86%-5.94% |
| Unsecured loans . . . . . . | - | 37,306 | 37,306 | 4,112 | 33,194 | - | 37,306 | - | 5.35%-5.94% |
| **Japan** | | | | | | | | | |
| Secured loans . . | - | 211,328 | 211,328 | 31,529 | 179,799 | - | 211,328 | - | 1.15%-1.50% |
| Secured bonds. . | 50,062 | 2,653,360 | 2,709,422 | 321,087 | 2,388,335 | - | 2,709,422 | - | 1.11%-2.67% |
| **Singapore** | | | | | | | | | |
| Unsecured loans . . . . . . | - | 313,600 | 313,600 | 143,600 | 170,000 | - | 313,600 | - | 0.93%-1.63% |

### *Bank loans*

We have both secured and unsecured bank loans. The secured bank loans are secured by mortgages on our borrowing subsidiaries' investment properties.

As of June 30, 2010, we had:

- US$305.8 million of borrowings in China, US$268.5 million of which are secured and US$37.3 million of which are unsecured;
- US$211.3 million of borrowings in Japan, all of which are secured; and
- US$313.6 million of borrowings in Singapore, all of which are unsecured.

The effective interest rate for our bank loans as at June 30, 2010 ranged from 4.86% to 5.94% per annum for our borrowings in China, from 1.15% to 1.50% per annum for our borrowings in Japan and from 0.93% to 1.63% per annum for our borrowings in Singapore.

On August 27, 2010, we received an intercompany advance from Recosia China of US$313.6 million that replaced our Singapore external bank borrowings of that same amount. The intercompany advance is interest-free and repayable upon demand.

### *Secured Bonds*

In connection with the financing of certain of our properties in Japan, we have issued bonds through the TMK subsidiaries of our Japan Funds in an aggregate amount of US$2,709.4 million at June 30, 2010. The bonds are secured by the underlying properties being financed. The effective interest rates at June 30, 2010 ranged from 1.11% to 2.67% per annum. US$321.1 million of these bonds mature within 12 months. We intend to refinance these amounts at their maturity. For a discussion of the risks in the event we are unable to refinance these obligations on favorable terms or at all, see "Risk Factors—Risks Relating to Our Business and Operations—We operate in a capital-intensive industry and may not have adequate funding resources to finance land acquisitions or logistics facilities, or to service or refinance our existing financing obligations".

### *Shareholder Loans and Intercompany Advances*

As of June 30, 2010, we had US$1,213.3 million outstanding in shareholder loans and intercompany advances. Of these amounts we will repay some or all from the proceeds of the Offering, with any remainder to be capitalized by way of an issue and allotment of new Shares. For a further discussion of the repayment of some or all of these shareholder loans and intercompany advances, see "Use of Proceeds" and "History and Corporate Reorganization—The Loan Repayment and Capitalization".

## CAPITAL EXPENDITURES AND CAPITAL INVESTMENTS

### Historical Capital Expenditures and Expenditures on Capital Investments

Our capital expenditures of US$16.6 million in fiscal year ended March 31, 2009 (which reflected less than two months of results subsequent to the 2009 Acquisition), were mainly due to development of properties under development and asset enhancement activities of investment properties being re-positioned in fiscal year. Capital expenditures in fiscal year ended March 31, 2008 were recognized as part of investment in jointly-controlled entities and accounted for under the equity method.

Our Group's material expenditures on capital investments during the fiscal year ended March 31, 2009 were approximately US$1.27 billion, being our capital injection into the China Fund and the purchase consideration paid for the 2009 Acquisition (see "History and Corporate Reorganization" for further details on the 2009 Acquisition), which were financed by way of intercompany advances and external bank loans, as described in "Interested Person Transactions and Conflicts of Interests—Present and Ongoing Interested Person Transactions".

In fiscal year ended March 31, 2010 and for the three-month period ended June 30, 2010, our capital expenditures of US$123.6 million and US$30.7 million respectively were primarily incurred for the development of properties under development and for asset enhancement activities of investment properties being re-positioned. This comprised US$106.3 million and US$17.3 million in fiscal year ended March 31, 2010 and US$30.3 million and US$0.4 million for the three-month period ended June 30, 2010 for China and Japan, respectively.

Our Group's material expenditure on capital investment during the fiscal year ended March 31, 2010 was approximately US$67.5 million, being the purchase consideration paid for the acquisition of three subsidiaries, of which one is a property-holding subsidiary in Japan and one is a property-holding subsidiary in China, which were financed through a combination of a shareholder's loan, external loan and funds generated from operations. Our Group did not incur any material expenditure on capital investment during the fiscal year ended March 31, 2008 and the three-month period ended June 30, 2010.

From June 30, 2010 to the Latest Practicable Date, we did not incur any material capital expenditure.

Capital and development expenditures contracted but not provided for in the fiscal years ended March 31, 2009 and 2010 and the three-month period ended June 30, 2010 amounted to US$67.5 million, US$91.2 million and US$92.2 million, respectively.

### Planned Capital Expenditures

We currently expect to incur capital expenditures for the nine months ending March 31, 2011 and the fiscal years ending March 31, 2012 and 2013 including those amounts which have been contracted but not provided for as disclosed in the preceding section, as set out in the table below.

| | Nine Months Ending March 31, 2011 | Year Ending March 31, 2012 | Year Ending March 31, 2013 |
|---|---|---|---|
| | | US$ (in millions) | |
| Planned capital expenditures | 477.9 | 863.4 | 1,098.0 |

We expect to fund the above planned capital expenditures, which primarily relate to further acquisition and development of properties, through our internal cash flows, external loans and the net proceeds from the Offering.

Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economies in China and Japan, in which we have a business presence, the availability of financing on terms acceptable to us, problems in relation to possible construction/development delays, defects or cost overrun, delays in obtaining or receipt of governmental approval, changes in the legislative and regulatory environment and other factors that are beyond our control. For a related discussion of our planned acquisitions of undeveloped land, see "Business—Our Portfolio".

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes our capital commitments, development expenditure and operating lease payments as of the Latest Practicable Date.

| | Payments Due by Period | | |
|---|---|---|---|
| | Within One Year | After One Year but within Five Years | Total |
| | | US$ (in thousands) | |
| Capital commitments in relation to unpaid share capital of subsidiaries | 152,421 | 5,970 | 158,391 |
| Development expenditure contracted but not provided for | 63,225 | - | 63,225 |
| Operating lease payments | 119 | 47 | 166 |
| Total | 215,765 | 6,017 | 221,782 |

We plan to fund these contractual commitments through our internal cash flows, external loans and the net proceeds from the Offering.

## OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

Other than our capital commitments in relation to unpaid share capital of subsidiaries that is due, we do not have any material off-balance sheet arrangements or contingent liabilities. For additional information, see note 26(b) to our audited combined financial information included in this offering document.

## SEASONALITY

Our business is not subject to material seasonal fluctuations.

## CHANGES IN ACCOUNTING POLICIES

We have not made any significant changes in our accounting policies during the three years ended March 31, 2010 and the three-month period ended June 30, 2010, other than the revision of IAS 40 *Investment Property*, effective for annual periods beginning on or after on April 1, 2009 as described in note 2(e) to our combined financial information included in this offering document and the application from April 1, 2010 of IFRS 3, *Business Combinations* (2008) in our accounting for business combinations.

## MARKET RISK

We are exposed to interest rate risk, foreign exchange risk and credit risk, among others. Our risk management approach seeks to minimize the potential material adverse effects from these exposures. We have implemented risk management policies and guidelines that set out our tolerance for risk and our general risk management philosophy. Accordingly, we have established a framework and process to monitor the exposures to implement appropriate measures in a timely and effective manner.

### Interest Rate Risk

The Group's interest rate risk arises primarily from the interest-earning financial assets and interest-bearing financial liabilities. The Group manages its interest rate exposure by maintaining a mix of fixed and variable rate borrowings. The Group hedges a portion of its interest rate exposure in Japan by entering into interest rate swaps. See "Risk Factors—Risks Relating to our Business and Operations—Our hedging strategies may not reduce interest rate risk, and could reduce the overall returns on investment in our Shares".

### Foreign Exchange Risk

The Group operates in China and Japan. Entities in the Group regularly transact in currencies other than their respective functional currencies. These foreign currencies include the Chinese Renminbi, the Japanese Yen, the Singapore dollar and the US dollar. The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

### Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a customer or a counterparty to meet its contractual obligations. The Group restricts financial transactions to counterparties that meet appropriate credit criteria, which are reviewed and approved regularly. In respect of trade receivables, the Group has guidelines governing the process of granting credit, and monitors outstanding balances on an ongoing basis. Concentration of credit risk relating to trade receivables is limited due to the Group's numerous customers, which are engaged in a wide variety of sectors and markets.

## RECENT ACCOUNTING PRONOUNCEMENTS

### IFRS 3 Business Combinations

From April 1, 2010, the Group applied IFRS 3 Business Combinations (2008) in its accounting for business combinations. Under IFRS 3, goodwill is measured as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognized amount of any non-controlling interests in the acquiree, less the recognized amounts (generally fair value) of the identifiable assets acquired liabilities assumed, at the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

## ORDER BOOK

Due to the nature of our business, we do not maintain an order book. See "Business".

## OUR PROSPECTS

We believe our overall near-term prospects will depend largely on the continuation of consumption growth in China and the dynamics of the logistics facility industry in Japan, such as the scarcity of modern and network-integrated logistics facilities, focus on cost reduction and outsourcing, and an increasing customer preference for leasing (rather than owning) facilities. We expect that the supply and demand fundamentals for modern logistics facilities in China and Japan will remain favorable, especially around key logistics hubs and major cities, where most of our properties are located. We expect China's economic and demographic conditions will continue to create demand for logistics facilities. Barring any unforeseen circumstances, we expect China's current economic conditions to continue during our fiscal year ending March 31, 2011. We expect the Japan Portfolio to provide a stable source of cash to finance our growth in China. For example, the Japan Portfolio enjoyed an average lease ratio of 98.7% for the three-month period ended June 30, 2010, and a WALE of 6.6 years as of June 30, 2010. We expect these rates to remain stable for our fiscal year ending March 31, 2011.

## DISCUSSION AND ANALYSIS OF PRO FORMA FINANCIAL INFORMATION

*In the following section we discuss and analyze our pro forma financial information for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010. You should read the following discussion together with (i) our unaudited pro forma financial statements for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010; (ii) our audited combined financial statements as of and for the years ended March 31, 2008, 2009 and 2010; (iii) and our unaudited interim combined financial statements for the three-month period ended June 30, 2009 and 2010. All of these financial statements are included in this offering document.*

*We have prepared and presented our unaudited pro forma financial information based on our historical combined financial statements as of and for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010, in order to illustrate the effect of the 2009 Acquisition and all other acquisitions and disposals of companies by our Group since April 1, 2007. With respect to the 2009 Acquisition, the GLPH Acquisition, the Change in Capital Structure and all other acquisitions of entities since April 1, 2007, we have treated them as having occurred on the earliest date of the relevant period presented, or, if later, the date of incorporation of the relevant entity. With respect to disposals of entities since April 1, 2007, we have reversed any profit or loss pertaining to those entities. See "History and Corporate Reorganization" and note 1 to our unaudited pro forma financial statements included in this offering document for a further discussion of our Corporate Reorganization and the presentation of our unaudited pro forma financial statements, respectively.*

*This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth under "Risk Factors" and "Notice to Investors—Forward-Looking Statements". We have derived our unaudited pro forma financial information from our combined financial statements. We have prepared our combined financial statements in accordance with IFRS which may differ in certain significant respects from generally accepted accounting principles in other countries, including the United States. The presentation of our unaudited pro forma financial information, which treats all acquisitions and disposals of entities that occurred subsequent to April 1, 2007 as if they had occurred as of that date (or, with respect to acquisitions, the date of incorporation of the relevant entity), differs from the manner in which pro forma financial information would be presented in accordance with Regulation S-X under the US Securities Act. Specifically, the 2009 Acquisition, which took place in February 2009, the GLPH Acquisition, which will only be completed immediately prior to the listing of our Company on the Main Board of the SGX-ST, and the Change in Capital Structure, which has taken place subsequent to June 30, 2010, have all been treated as if they had taken place as of the earliest date of the relevant period presented in the pro forma financial information. The retroactive effect given to these transactions significantly differs from and exceeds the retroactive pro forma treatment of businesses acquired or to be acquired pursuant to Regulation S-X under the U.S. Securities Act.*

*For a discussion of risks relating to relying on our pro forma financial information, see "Risk Factors—Risks Relating to Our Business and Operations—Our combined financial statements are not comparable to one another, and the presentation of our pro forma financial statements differs from the presentation that would be required by the SEC".*

### BASIS OF PRESENTATION

The objective of our pro forma financial information is to show what the results of our operations, our financial position and our cash flows would have been if certain events had occurred at an earlier date. These events are: (i) the 2009 Acquisition; (ii) the GLPH Acquisition; (iii) the Change in Capital Structure (as defined below); and (iv) any other acquisitions or disposals undertaken by our Group since April 1, 2007 (together with the 2009 Acquisition and the GLPH Acquisition, the "Acquisitions and Disposals").

On September 27, 2010 we entered into agreements to effect the Corporate Reorganization. See "History and Corporate Reorganization" for a description of the reorganization. Our pro forma financial information present our financial condition, results of operations and cash flows as if the Acquisitions and Disposals and Change in Capital Structure had occurred on the earliest date of the relevant period presented or as of the relevant balance sheet date. Accordingly, our pro forma income statements are derived from our combined income statements and also assume that the Acquisitions and Disposals and Change in Capital Structure had occurred as of April 1, 2007. Our unaudited pro forma balance sheets assume that the Acquisitions and Disposals and Change in Capital Structure had occurred as of each balance sheet date presented. Our unaudited pro forma cash flow statements for fiscal year ended March 31, 2010 and the first fiscal quarter of 2011 assume that the Acquisitions and Disposals and Change in Capital Structure had occurred as of April 1, 2009.

We hold interests in the Japan Portfolio and the China Portfolio through the Japan Funds and the China Fund, respectively (each as defined in "History and Corporate Reorganization"). Prior to February 9, 2009, the date of the 2009 Acquisition, we held an 80% interest in the Japan Funds, with ProLogis holding the remaining 20%. With regard to China Fund, prior to the 2009 Acquisition, we held a 67% interest in the China Fund and ProLogis holding the remaining 33%. Our interests in the Japan Funds and the China Fund prior to February 9, 2009 were subject to joint venture agreements with ProLogis, pursuant to which we exercised joint control over the Japan Funds and the China Fund with ProLogis. As a result of these agreements, we did not consolidate the funds in our combined income statements; instead, we accounted for our interests in the funds using the equity method, recording our share of results of these funds and the entities they held as "share of results (net of income tax) of jointly-controlled entities" and recognizing only our 80% share of the results of the Japan Funds and our 67% share of the results of the China Fund.

Through the 2009 Acquisition, we acquired the remaining 20% and 33% interests in Japan Funds and China Fund, respectively from ProLogis, and all other entities owned by ProLogis in China. As a result of the 2009 Acquisition, we consolidated the results of our subsidiaries in the China Portfolio and the Japan Portfolio.

In addition to the Japan Reorganization and GLPH Reorganization, on September 27, 2010, we will effectuate the GLPH Acquisition. See "History and Corporate Reorganization". Prior to the GLPH Acquisition, we exercised joint control over the entities controlled by GLPH and accounted for these entities on an equity basis. We recorded our share of results of these entities as share of results (net of income tax) of jointly-controlled entities. After the GLPH Acquisition, these entities were consolidated into our Group results. The GLPH Acquisition will be completed immediately prior to the listing of our Company on the Main Board of the SGX-ST.

Furthermore, on August 27, 2010, certain external bank loans amounting to US$313.6 million were novated to a related corporation, with an accompanying increase in interest-free intercompany advances. This transaction is referred to as the "Change in Capital Structure". The Change in Capital Structure is not taken into account in our combined financial statements.

Our unaudited pro forma financial information is based on and makes certain adjustments to our combined financial statements and present our financial condition, results of operations and cash flows as if the Acquisitions and Disposals and the Change in Capital Structure had occurred as of the earliest date of the relevant period presented or as of the relevant balance sheet date.

We have presented our pro forma income statements for the past three completed financial years and the interim period in order to provide a better understanding of the trend in the financial performance of our Group. Prior to February 2009, our Group had joint control with ProLogis in the China Fund (67% interest) and Japan Funds (80% interest). In February 2009, our Group acquired Prologis' remaining interest in the China Fund and Japan Funds, along with all other entities owned by ProLogis in China (the "2009 Acquisition"). In our historical combined income statements for the years ended March 31, 2008 and 2009, our Group's interests in the China Fund and Japan Funds are treated as interests in jointly controlled entities; we applied "equity accounting" in respect of such interests up to February 2009, and as subsidiaries thereafter. Our historical combined financial statements for the years ended March 31, 2008, 2009 and 2010 and the period ended June 30, 2010 are therefore not fully reflective of the underlying portfolio performance for the past three and a quarter years. In our pro forma income statements for the past three completed financial years and the interim period, the 2009 Acquisition was assumed to have occurred on April 1, 2007 or the dates of incorporation of the relevant entity, if later. Therefore, we are providing the pro forma income statements to illustrate the underlying portfolio results and performance trend of our Group for these periods.

We have presented pro forma balance sheets as at the end of the most recent completed financial year and as at the end of the interim period. The pro forma balance sheets are prepared on the assumption that the Acquisitions and Disposals and Change in Capital Structure had occurred at each of the respective balance sheet dates. The intangibles arising from acquisitions, which are determined based on the fair value of the net assets acquired and assuming the consideration remains the same as at each balance sheet date, would be different if our Group were to present pro forma balance sheet as at March 31, 2008, 2009 and 2010 and may be potentially confusing.

Also, in order to prepare pro forma statements of cash flows, our Group would require the pro forma balance sheets as at the beginning and end of each financial year/period, together with the relevant pro forma income statement for that financial year/period. To prepare three year pro forma statements of cash flows, our Group would have needed to reconstruct pro forma balance sheets as at April 1, 2007, March 31, 2008, March 31, 2009 and March 31, 2010.

The reconstruction of the balance sheets and the assumption that the purchase consideration remains the same at each balance sheet date independent of the fair value of the net assets acquired would require our Group to make additional hypothetical assumptions and adjustments, beyond those already made in respect of the adjustments for the 2009 Acquisition, the GLPH Acquisition and the Change in Capital Structure, which may not be appropriate in order to derive such balance sheets.

In view of the foregoing, we have presented pro forma balance sheets and statements of cash flows only for the most recent completed financial year and the interim period.

The pro forma income statement for the three-month period ended June 30, 2010 has been derived from the interim combined income statement for the three-month period ended June 30, 2010, after adjusting for the effects of the acquisition of the remaining 50% in GLPH and the Change in Capital Structure (such adjustments are disclosed in the section entitled "Pro Forma Adjustments to Combined Financial Income Statements for the Three Month Period Ended June 30, 2010"). Accordingly, the pro forma income statement for the three-month period ended June 30, 2010 is not similar to the interim combined income statement for the same period.

We believe that the MD&A narration on the unaudited interim combined financial statements for the three-month period ended June 30, 2010 compared to the three-month period ended June 30, 2009 (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Three-Month Period ended June 30, 2010 Compared to Three-Month Period ended June 30, 2009") is representative to the extent of the general trends observed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The effects of the pro forma adjustments on the presentation of our financial condition, results of operations and cash flows are as follows:

- The 2009 Acquisition: the profit and loss pertaining to the portfolio acquired pursuant to the 2009 Acquisition and any subsequent disposals are reflected in our pro forma income statement as part of our consolidated results beginning April 1, 2007, or, if later, the date of incorporation of the relevant entity. In our combined income statements, our portfolio at that time is accounted for on an equity basis until the date of the 2009 Acquisition (February 9, 2009) and their results are reflected in "share of results (net of income tax) of jointly-controlled entities" until that date.

- The GLPH Acquisition: like the entities subject to the 2009 Acquisition, the entities subject to the GLPH Acquisition are reflected in our pro forma income statements as part of our consolidated results beginning April 1, 2007, or, if later, the date of incorporation of the relevant entity. In our combined income statements, these entities are accounted for on an equity basis pursuant to the 2009 Acquisition on February 9, 2009, or, if later, the date of incorporation of the relevant entity and their results are not consolidated into our combined income statements. GLPH is a holding company for entities that provide asset, investment and property management services to our Group. In our combined income statements, the charges for these services appear as "management fees" and form part of our operational expenses. In our unaudited pro forma income statements, the management fee income and expenses are eliminated as a result of the consolidation of GLPH and its subsidiaries. Similarly, the assets and liabilities of GLPH and its subsidiaries are combined into our balance sheets, on a pro forma basis, on each balance sheet date, while in our combined financial statements they are included as jointly-controlled entities for the entirety of the period under review.

- Other acquisitions: all other acquisitions are reflected in our pro forma income statement as if they had occurred as of April 1, 2007, or, if later, the date of incorporation of the relevant entity. In our combined income statements, these entities are accounted for using the equity method until the date on which we gained control over these entities, at which point they were consolidated into our financial results. With respect to our unaudited pro forma balance sheets, acquisitions made on or after April 1, 2009 are treated as having occurred on the relevant balance sheet dates (i.e., March 31, 2010 and June 30, 2010). With respect to our unaudited pro forma statements of cash flows, acquisitions made on or after April 1, 2009 are treated as having occurred on April 1, 2009.

- Disposals: we have reversed any profit or loss pertaining to any entity disposed of since April 1, 2007.

- The Change in Capital Structure: the pro forma effect of the Change in Capital Structure is that certain external bank loan of US$313.6 million is eliminated along with the associated finance costs. These loans are reclassified on our unaudited pro forma balance sheet to intercompany advances. Finance cost in our income statements is reduced on a pro forma basis by an amount equal to the finance costs related to the external bank loan, since the new intercompany advances are interest-free and carry no finance cost. Finance cost paid in our statements of cash flows is reduced on a pro forma basis by an amount equal to the finance costs paid to the bank, as the new intercompany advances are interest-free and carry no finance cost.

## DIFFERENCES IN ACCOUNTING POLICIES

In our combined financial statements, we account for changes in fair value of our investment properties during a financial reporting period by comparing the fair value of the property at the beginning of the period to the fair value of the property at the end of the period. For properties that were acquired during the period, we compare the fair value of the property at the date of acquisition to its fair value at the end of the period. In our unaudited pro forma financial information, all of our properties are assumed to have been acquired as of April 1, 2007 (unless the relevant entity was incorporated as of a subsequent date) and, therefore, we assess fair value of properties only at the beginning and end of each fiscal year, and not at any acquisition date.

## PRO FORMA ADJUSTMENTS TO COMBINED FINANCIAL STATEMENTS

The following tables show the pro forma adjustments made to our combined financial statements.

### Adjustments to Combined Balance Sheets

In the preparation of the unaudited pro forma balance sheets as of March 31, 2010 and June 30, 2010, the Acquisitions and Disposals and the Change in Capital Structure are assumed to have occurred on each of March 31, 2010 and June 30, 2010. The assets and liabilities of those entities subject to the Acquisitions and Disposals within the post-Corporate Reorganization Group are included in the pro forma balance sheets as of each of March 31, 2010 and June 30, 2010. With regard to the Change in Capital Structure, the external bank loans amounting to US$313.6 million are assumed to be novated to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million as of each of March 31, 2010 and June 30, 2010.

The following table shows the pro forma adjustments made to our historical combined balance sheets as of the dates indicated.

### Pro Forma Balance Sheet as of March 31, 2010

| | Historical Combined Balance Sheet | Pro Forma Adjustments | | Pro Forma Balance Sheet |
|---|---|---|---|---|
| | | Note (a) | Note (b) | |
| | | US$ (in thousands) | | |
| **Non-current assets** | | | | |
| Investment properties | 6,528,973 | - | - | 6,528,973 |
| Intangible assets | - | 421,860 | - | 421,860 |
| Jointly-controlled entities | 315,469 | (8,582) | - | 306,887 |
| Deferred tax assets | 20,232 | 1,303 | - | 21,535 |
| Plant and equipment | 75 | 2,551 | - | 2,626 |
| Other non-current assets | 17,351 | 280 | - | 17,631 |
| | 6,882,100 | 417,412 | - | 7,299,512 |
| **Current assets** | | | | |
| Trade and other receivables | 103,227 | (27,174) | - | 76,053 |
| Financial derivative assets | 33 | - | - | 33 |
| Cash and cash equivalents | 412,021 | 15,997 | - | 428,018 |
| | 515,281 | (11,177) | - | 504,104 |
| **Total assets** | 7,397,381 | 406,235 | - | 7,803,616 |
| **Equity attributable to equity holder of the Company** | | | | |
| Share capital | * | - | - | * |
| Reserves | 1,566,222 | 403,212 | - | 1,969,434 |
| | 1,566,222 | 403,212 | - | 1,969,434 |
| **Minority interests** | 776,197 | 629 | - | 776,826 |
| **Total equity** | 2,342,419 | 403,841 | - | 2,746,260 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 2,664,831 | - | (170,000) | 2,494,831 |
| Deferred tax liabilities | 135,192 | - | - | 135,192 |
| Other non-current liabilities | 124,707 | - | - | 124,707 |
| | 2,924,730 | - | (170,000) | 2,754,730 |

| | Historical Combined Balance Sheet | Pro Forma Adjustments Note (a) | Note (b) | Pro Forma Balance Sheet |
|---|---|---|---|---|
| | US$ (in thousands) | | | |
| **Current liabilities** | | | | |
| Loans and borrowings . . . . . . . . . . . . . . . . | 715,749 | - | (143,600) | 572,149 |
| Trade and other payables . . . . . . . . . . . . . . | 1,380,206 | 2,394 | 313,600 | 1,696,200 |
| Financial derivative liabilities . . . . . . . . . . . | 32,729 | - | - | 32,729 |
| Current tax payable . . . . . . . . . . . . . . . . . . | 1,548 | - | - | 1,548 |
| | 2,130,232 | 2,394 | 170,000 | 2,302,626 |
| **Total liabilities** . . . . . . . . . . . . . . . . . . . . | 5,054,962 | 2,394 | - | 5,057,356 |
| **Total equity and liabilities** . . . . . . . . . . . | 7,397,381 | 406,235 | - | 7,803,016 |

Notes:

(a) Adjustments reflect the Acquisitions and Disposals on March 31, 2010.

(b) Adjustments to reflect the Change in Capital Structure on March 31, 2010 assuming the novation of certain external bank loans amounting to US$313.6 million to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million.

* Less than US$1,000.

### *Total Assets*

As a result of the pro forma adjustments, our total assets as of March 31, 2010 increased marginally on a pro forma basis, due to the GLPH Acquisition and the fact that the assets of the GLPH entities that are currently jointly-controlled entities are combined into our March 31, 2010 balance sheet on a pro forma basis.

### *Total Liabilities*

As a result of the pro forma adjustments, our total liabilities as of March 31, 2010 increased marginally, as a result of the GLPH Acquisition, whereby the liabilities of the GLPH entities that are currently jointly-controlled entities are combined into our March 31, 2010 balance sheet and certain intercompany trade balances between our Group and GLPH entities are eliminated upon combination. Loans and borrowings (current and non-current) were adjusted downward on a pro forma basis by a total amount of US$313.6 million, reflecting the Change in Capital Structure. The corresponding amount is assumed to have been replaced by intercompany advances and is no longer recorded as a borrowing (both its current portion and its non-current portion). These intercompany advances are accounted for as trade and other payables and are adjusted upward by US$313.6 million.

## Pro Forma Balance Sheet as of June 30, 2010

| | Historical Combined Balance Sheet | Pro Forma Adjustments Note (a) | Note (b) | Pro Forma Balance Sheet |
|---|---|---|---|---|
| | US$ (in thousands) | | | |
| **Non-current assets** | | | | |
| Investment properties . . . . . . . . . . . . . . . . . . . . | 7,258,553 | - | - | 7,258,553 |
| Intangible assets . . . . . . . . . . . . . . . . . . . . . . | - | 421,860 | - | 421,860 |
| Jointly-controlled entities . . . . . . . . . . . . . . . . . | 355,878 | (10,573) | - | 345,305 |
| Deferred tax assets . . . . . . . . . . . . . . . . . . . . | 14,846 | 1,032 | - | 15,878 |
| Plant and equipment . . . . . . . . . . . . . . . . . . . | 98 | 2,722 | - | 2,820 |
| Other non-current assets . . . . . . . . . . . . . . . . . | 15,152 | 1,506 | - | 16,658 |
| | 7,644,527 | 416,547 | - | 8,061,074 |

| | Historical Combined Balance Sheet | Pro Forma Adjustments Note (a) | Note (b) | Pro Forma Balance Sheet |
|---|---|---|---|---|
| | US$ (in thousands) | | | |
| **Current assets** | | | | |
| Trade and other receivables | 119,385 | (28,881) | - | 90,504 |
| Cash and cash equivalents | 405,590 | 12,614 | - | 418,204 |
| | 524,975 | (16,267) | - | 508,708 |
| **Total assets** | 8,169,502 | 400,280 | - | 8,569,782 |
| **Equity attributable to equity holder of the Company** | | | | |
| Share capital | * | - | - | * |
| Reserves | 2,081,213 | 403,408 | - | 2,484,621 |
| | 2,081,213 | 403,408 | - | 2,484,621 |
| **Minority interests** | 817,092 | - | - | 817,092 |
| **Total equity** | 2,898,305 | 403,408 | - | 3,301,713 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 3,018,965 | - | (170,000) | 2,848,965 |
| Deferred tax liabilities | 188,167 | - | - | 188,167 |
| Other non-current liabilities | 127,571 | 1,616 | - | 129,187 |
| | 3,334,703 | 1,616 | (170,000) | 3,166,319 |
| **Current liabilities** | | | | |
| Loans and borrowings | 521,155 | - | (143,600) | 377,555 |
| Trade and other payables | 1,378,939 | (5,158) | 313,600 | 1,687,381 |
| Financial derivative liabilities | 32,428 | - | - | 32,428 |
| Current tax payable | 3,972 | 414 | - | 4,386 |
| | 1,936,494 | (4,744) | 170,000 | 2,101,750 |
| **Total liabilities** | 5,271,197 | (3,128) | - | 5,268,069 |
| **Total equity and liabilities** | 8,169,502 | 400,280 | - | 8,569,782 |

Notes:

(a) Adjustments reflect the Acquisitions and Disposals on June 30, 2010.

(b) Adjustments to reflect the Change in Capital Structure on June 30, 2010 assuming the novation of certain external bank loans amounting to US$313.6 million to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million.

* Less than US$1,000.

### *Total Assets*

As a result of the pro forma adjustments, our total assets as of June 30, 2010 increased on a pro forma basis, due to the GLPH Acquisition and the fact that the assets of the GLPH entities that are currently jointly-controlled entities are combined into our June 30, 2010 balance sheet on a pro forma basis.

### *Total Liabilities*

As a result of the pro forma adjustments, our total liabilities as of June 30, 2010 decreased marginally, as a result of the GLPH Acquisition, whereby the liabilities of the GLPH entities that are currently jointly-controlled entities are combined into our June 30, 2010 balance sheet and certain intercompany trade balances between our Group and GLPH entities are eliminated upon consolidation. Loans and borrowings (current and non-current) were adjusted downward on a pro forma basis by a total amount of US$313.6 million, reflecting the Change in Capital Structure. The corresponding amount is assumed to have been replaced by intercompany advances and is no longer recorded as a borrowing (both its current portion and its non-current portion). These intercompany advances are accounted for as trade and other payables and are adjusted upward by US$313.6 million.

### Adjustments to Combined Income Statements

In the preparation of the unaudited pro forma income statements for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010, the Acquisitions and Disposals and the Change in Capital Structure are assumed to have occurred on April 1, 2007. The profit and loss pertaining to the entities subject to the Acquisitions and Disposals within the post-Corporate Reorganization Group that were acquired or disposed of between April 1, 2007 and the date of registration of the offering document by the Authority (most notably the subsidiaries that were part of the 2009 Acquisition, as well as the GLPH Acquisition) are included in our unaudited pro forma income statements for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010 as combined entities on April 1, 2007, or, if later, the date of incorporation of the relevant entity. With regard to the Change in Capital Structure, certain external bank loans amounting to US$313.6 million are assumed to be novated to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million on April 1, 2007.

The following tables show the pro forma adjustments made to our historical combined income statements for the respective periods presented.

### Pro Forma Income Statement for the Year Ended March 31, 2008

| | Historical Combined Income Statement | Pro Forma Adjustment[(a)] | Pro Forma Income Statement |
|---|---|---|---|
| | | US$ (in thousands) | |
| Revenue | - | 249,793 | 249,793 |
| Management fees | - | (10,242) | (10,242) |
| Property-related expenses | - | (28,214) | (28,214) |
| Other expenses | (932) | (26,299) | (27,231) |
| | (932) | 185,038 | 184,106 |
| Share of results (net of income tax) of jointly-controlled entities | 16,574 | (5,973) | 10,601 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 15,642 | 179,065 | 194,707 |
| Net finance costs | - | (64,163) | (64,163) |
| Non-operating (expenses)/income | (273) | 486,646 | 486,373 |
| **Profit before changes in fair value of investment properties** | 15,369 | 601,548 | 616,917 |
| Changes in fair value of investment properties | - | (18,134) | (18,134) |
| **Profit before income tax** | 15,369 | 583,414 | 598,783 |
| Income tax expense | (1,918) | (8,547) | (10,465) |
| **Profit for the year** | 13,451 | 574,867 | 588,318 |

Note:

(a) Adjustment assumes the Acquisitions and Disposals occurred on April 1, 2007, or, if later, the date of incorporation of the relevant entity.

### *Revenue*

As a result of the pro forma adjustments, our revenue for the year ended March 31, 2008 was adjusted to US$249.8 million, reflecting the assumption that all Acquisitions and Disposals, including the 2009 Acquisition and the GLPH Acquisition, had taken place on April 1, 2007, or, if later, the date of incorporation of the relevant entity. We recorded no revenue for fiscal year ended March 31, 2008 in our combined financial information. On a pro forma basis, substantially all of the subsidiaries subject to the Acquisitions and Disposals began contributing to our consolidated Group revenue on April 1, 2007. For purposes of our combined financial statements, none of these subsidiaries were consolidated during 2008, and, to the extent we owned any interest in these subsidiaries in 2008, they were accounted for as share of results of jointly-controlled entities.

### *Share of Results (Net of Income Tax) of Jointly-Controlled Entities*

Our share of results (net of income tax) of jointly-controlled entities was adjusted downward on a pro forma basis, from US$16.6 million to US$10.6 million, for the year ended March 31, 2008 reflecting the fact that the subsidiaries acquired in the 2009 Acquisition and the GLPH Acquisition, were combined into our Group on a pro forma basis from April 1, 2007, or, if later, the date of incorporation of the relevant subsidiary, and were, therefore, not treated as jointly-controlled entities. Share of results of jointly-controlled entities on a pro forma basis relate to the results of those jointly-controlled entities arising from the 2009 Acquisition.

### *Profit from Operating Activities after Share of Results of Jointly-Controlled Entities*

Profits from operating activities after share of results of jointly-controlled entities was adjusted upward from US$15.6 million to US$194.7 million for the year ended March 31, 2008 reflecting the assumption that all Acquisitions and Disposals, including the 2009 Acquisition and the GLPH Acquisition, had taken place on April 1, 2007.

### *Net Finance Costs*

Net finance costs for the year ended March 31, 2008 were adjusted upward on a pro forma basis to US$64.2 million. We recorded no net finance costs in our combined financial statements for fiscal year ended March 31, 2008. This adjustment reflected the fact that, in our combined financial statements, finance costs are incurred by entities which are accounted for as jointly-controlled entities (whose impact is reflected in our share of results of jointly-controlled entities), while, in our unaudited pro forma financial information, these entities are combined on a pro forma basis as of April 1, 2007 and the finance costs incurred by these entities as well as all other entities owned by ProLogis in China which we acquired are reflected as such in our unaudited pro forma income statements. These finance costs consist primarily of interest payments on the bonds issued by our Japanese subsidiaries and changes in the fair value of our financial derivatives.

### *Non-Operating Income*

Non-operating income for the year ended March 31, 2008 was adjusted upward on a pro forma basis from a loss of US$0.3 million to a gain of US$486.4 million. This adjustment mainly reflected the net acquisition gain of US$290.2 million between the price paid for the 20% interest in the Japan Funds, the 33% interest in the China Fund and all other entities owned by ProLogis in China which we acquired, and the relevant share of the net assets (stated at fair value) of these acquired entities. In addition, the adjustment was due to the GLPH Acquisition as we purchased the 50% interest in GLPH that we did not own. As a result, we recognized a gain on the re-measurement of the fair value of our initial 50% interest in GLPH of US$196.4 million.

### *Changes in Fair Value of Investment Properties*

On a pro forma basis, we recognized a loss of US$18.1 million on revaluation of our investment properties. In our unaudited pro forma financial information, these investments properties are combined as of April 1, 2007, or, if later, the date of incorporation of the relevant entity holding the investment property, and, therefore, the changes in fair value affect our pro forma income statement directly, and not indirectly reflected through the equity method as in our combined financial information.

## Pro Forma Income Statement for the Year Ended March 31, 2009

| | Historical Combined Income Statement | Pro Forma Adjustments Note (a) | Pro Forma Adjustments Note (b) | Pro Forma Income Statement |
|---|---|---|---|---|
| | US$ (in thousands) | | | |
| Revenue | 51,278 | 303,811 | - | 355,089 |
| Management fees | (4,012) | (10,351) | - | (14,363) |
| Property-related expenses | (7,241) | (40,645) | - | (47,886) |
| Other expenses | (3,527) | (37,672) | - | (41,199) |
| | 36,498 | 215,143 | - | 251,641 |
| Share of results (net of income tax) of jointly-controlled entities | (280,280) | 286,988 | - | 6,708 |
| **(Loss)/ Profit from operating activities after share of results of jointly-controlled entities** | (243,782) | 502,131 | - | 258,349 |
| Net finance costs | (9,633) | (44,979) | 1,284 | (53,328) |
| Non-operating income | 290,207 | (288,322) | - | 1,885 |
| **Profit before changes in fair value of investment properties** | 36,792 | 168,830 | 1,284 | 206,906 |
| Changes in fair value of investment properties | - | (494,181) | - | (494,181) |
| **Profit/(Loss) before income tax** | 36,792 | (325,351) | 1,284 | (287,275) |
| Income tax (expense)/benefit | (4,433) | 16,917 | - | 12,484 |
| **Profit/(Loss) for the year** | 32,359 | (308,434) | 1,284 | (274,791) |

Notes:

(a) Adjustment assumes the Acquisitions and Disposals occurred on April 1, 2007, or, if later, the date of incorporation of the relevant entity.

(b) Adjustment reflects the Change in Capital Structure, assuming a net decrease in finance costs of US$1.3 million for the year ended March 31, 2009 arising from the novation of certain external bank loans amounting to US$313.6 million to a related corporation, with an accompanying increase in interest-free intercompany advances.

### *Revenue and Expenses*

As a result of the pro forma adjustments, our revenue for the year ended March 31, 2009 was adjusted upward from US$51.3 million to US$355.1 million. This adjustment reflects the fact that, in our combined financial statements, the Japan Funds and China Fund, which were subject to the 2009 Acquisition were combined into our Group for less than two months, while, in our unaudited pro forma financial information, these entities and all other entities owned by ProLogis in China are assumed to have been acquired as of April 1, 2007 and therefore contribute to our revenue and operating expenses for all of fiscal year ended March 31, 2009.

### *Management Fees*

Management fees paid to ProLogis were adjusted upward on a pro forma basis from US$4.0 million to US$14.4 million for the year ended March 31, 2009 reflecting the net increase in corresponding third-party management expenses associated with the properties acquired in the 2009 Acquisition.

### *Share of Results (Net of Income Tax) of Jointly-Controlled Entities*

Our share of results (net of income tax) of jointly-controlled entities was adjusted upward on a pro forma basis, from a loss of US$280.3 million to a gain of US$6.7 million, for the year ended March 31, 2009. The loss in our combined financial statements reflects a decrease in the fair value of our investment properties held by jointly-controlled entities, primarily the Japan Funds. In our pro forma financial information, these entities are combined, and the changes in fair value of the investment properties are recognized under “Changes in Fair Value of Investment Properties” in the pro forma income statement, reflecting a fair value loss of US$494.2 million. The remaining share of results of jointly-controlled entities in our pro forma income statement, amounting to US$6.7 million, relates to those jointly-controlled entities that were acquired in the 2009 Acquisition.

### *Profit from Operating Activities after Share of Results of Jointly-Controlled Entities*

Profits from operating activities after share of results of jointly-controlled entities was adjusted upward from a loss of US$243.8 million to a profit of US$258.3 million for the year ended March 31, 2009. This adjustment also reflects a decrease in the fair value of our investment properties that were treated differently in the combined financial statements and the unaudited pro forma financial information. In our combined financial statements, our share of the decrease was reflected in our share of results (net of income tax) in jointly-controlled entities, while in our unaudited pro forma financial information, the decrease in fair value is reflected in changes in fair value of investment properties. This adjustment reflects the fact that, in our combined financial statements, the subsidiaries acquired in the 2009 Acquisition were equity accounted for approximately ten months and combined for less than two months, while, in our unaudited pro forma financial information, these subsidiaries are combined for the entire year.

### *Net Finance Costs*

Net finance costs for the year ended March 31, 2009 were adjusted upward on a pro forma basis to reflect the fact that the subsidiaries incurring the finance charges are combined into our Group for purposes of the unaudited pro forma financial information. In addition, we reversed net finance costs amounting to US$1.3 million in connection with the Change in Capital Structure.

### *Non-Operating Income*

Non-operating income in our combined income statement for the year ended March 31, 2009 relates to an acquisition gain arising from the 2009 Acquisition. As the entities acquired in the 2009 Acquisition are treated for purposes of our unaudited pro forma financial information as having been acquired as of April 1, 2007, this gain is reversed in our unaudited pro forma income statement for the year ended March 31, 2009.

## Pro Forma Income Statement for the Year Ended March 31, 2010

| | Historical Combined Income Statement | Pro Forma Adjustments Note (a) | Pro Forma Adjustments Note (b) | Pro Forma Income Statement |
|---|---|---|---|---|
| | US$ (in thousands) | | | |
| Revenue | 407,968 | 4,276 | - | 412,244 |
| Management fees | (35,101) | 25,137 | - | (9,964) |
| Property-related expenses | (53,683) | (1,248) | - | (54,931) |
| Other expenses | (22,057) | (29,891) | - | (51,948) |
| | 297,127 | (1,726) | - | 295,401 |
| Share of results (net of income tax) of jointly-controlled entities | 31,984 | (3,987) | - | 27,997 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 329,111 | (5,713) | - | 323,398 |
| Net finance costs | (60,468) | (142) | 5,577 | (55,033) |
| Non-operating expenses | (27,680) | 27,680 | - | - |
| **Profit before changes in fair value of investment properties** | 240,963 | 21,825 | 5,577 | 268,365 |
| Changes in fair value of investment properties | (369,006) | (8,041) | - | (377,047) |
| **Loss before income tax** | (128,043) | 13,784 | 5,577 | (108,682) |
| Income tax expense | (21,637) | 978 | - | (20,659) |
| **Loss for the year** | (149,680) | 14,762 | 5,577 | (129,341) |

Notes:

(a) Adjustment assumes the Acquisitions and Disposals occurred on April 1, 2007, or, if later, the date of incorporation of the relevant entity.

(b) Adjustment reflects the Change in Capital Structure, assuming a net decrease in finance costs of US$5.6 million for the year ended March 31, 2010 arising from the novation of external bank loans amounting to US$313.6 million to a related corporation, with an accompanying increase in interest-free intercompany advances.

### *Revenue and Expenses*

The adjustments made to our revenue and expenses for purposes of our pro forma income statement for the year ended March 31, 2010 reflect the contribution of GLPH, which is combined for the fiscal year under our unaudited pro forma financial information. In our combined financial statements, GLPH was equity accounted as a jointly-controlled entity.

### *Non-Operating (Expenses)/Income*

Non-operating expense in our combined income statement for the year ended March 31, 2010 relates to a loss incurred upon the disposal of a non-core subsidiary and its jointly-controlled entities in China in July 2009. As the disposed entities are treated for purposes of our unaudited pro forma financial information as having been disposed of as of April 1, 2007, this loss is reversed in our unaudited pro forma income statement for the year ended March 31, 2010.

## Pro Forma Income Statement for the Three-Month Period Ended June 30, 2010

| | Historical Combined Income Statement | Pro Forma Adjustments | | Pro Forma Income Statement |
|---|---|---|---|---|
| | | Note (a) | Note (b) | |
| | US$ (in thousands) | | | |
| Revenue | 110,941 | 977 | - | 111,918 |
| Management fees | (7,619) | 7,592 | - | (27) |
| Property-related expenses | (14,820) | (438) | - | (15,258) |
| Other expenses | (4,264) | (8,437) | - | (12,701) |
| | 84,238 | (306) | - | 83,932 |
| Share of results (net of income tax) of jointly-controlled entities | 38,956 | (1,914) | - | 37,042 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 123,194 | (2,220) | - | 120,974 |
| Net finance costs | (6,741) | 21 | 882 | (5,838) |
| **Profit before changes in fair value of investment properties** | 116,453 | (2,199) | 882 | 115,136 |
| Changes in fair value of investment properties | 441,828 | 3,968 | - | 445,796 |
| **Profit before income tax** | 558,281 | 1,769 | 882 | 560,932 |
| Income tax expense | (57,725) | (694) | - | (58,419) |
| **Profit for the period** | 500,556 | 1,075 | 882 | 502,513 |

Notes:

(a) Adjustment assumes the Acquisitions and Disposals occurred on April 1, 2007, or, if later, the date of incorporation of the relevant entity.

(b) Adjustment reflects the Change in Capital Structure, assuming a net decrease in finance costs of US$882,000 for the three-month period ended June 30, 2010 arising from the novation of external bank loans amounting to US$313.6 million to a related corporation, with an accompanying increase in interest-free intercompany advances.

### *Revenue and Expenses*

The adjustments made to our revenue and expenses for purposes of our pro forma income statement for the three-month period ended June 30, 2010 reflect the contribution of GLPH, which is consolidated for the fiscal year under our unaudited pro forma financial information. In our combined financial statements, GLPH was equity accounted as a jointly-controlled entity.

The following tables show the pro forma adjustments made to our historical combined statements of cash flows for the periods presented.

## Adjustments to Combined Statements of Cash Flows

### *Pro Forma Statement of Cash Flows for the Year Ended March 31, 2010*

| | Historical Combined Statement of Cash Flows | Proforma Adjustments Note (a) | Proforma Adjustments Note (b) | Pro Forma Statement of Cash Flows |
|---|---|---|---|---|
| | | US$ (in thousands) | | |
| Net cash flows from operating activities | 253,842 | 13,121 | - | 266,963 |
| Net cash flows used in investing activities | (159,152) | (414,800) | - | (573,952) |
| Net cash flows from financing activities | 3,130 | 409,302 | 5,102 | 417,534 |
| Net increase in cash and cash equivalents | 97,820 | 7,623 | 5,102 | 110,545 |
| Cash and cash equivalents at beginning of year | 304,147 | 12,250 | - | 316,397 |
| Effects of exchange rate changes on cash balances held in foreign currencies | 10,054 | 42 | - | 10,096 |
| Cash and cash equivalents at end of year | 412,021 | 19,915 | 5,102 | 437,038 |

Notes:

(a) Adjustment assumes the Acquisitions and Disposals occurred on April 1, 2009, or, if later, the date of incorporation of the relevant entity.

(b) Adjustment assumes the Change in Capital Structure. The adjustment reflects the reversal of finance costs relating to the novation of external bank loans amounting to US$313.6 million to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million.

### *Pro Forma Statement of Cash Flows for the Period Ended June 30, 2010*

| | Historical Combined Statement of Cash Flows | Proforma Adjustments Note (a) | Proforma Adjustments Note (b) | Pro Forma Statement of Cash Flows |
|---|---|---|---|---|
| | | US$ (in thousands) | | |
| Net cash flows from operating activities | 66,167 | (5,100) | - | 61,067 |
| Net cash flows used in investing activities | (21,305) | (642) | - | (21,947) |
| Net cash flows used in financing activities | (61,695) | (5,702) | 284 | (67,113) |
| Net decrease in cash and cash equivalents | (16,833) | (11,444) | 284 | (27,993) |
| Cash and cash equivalents at beginning of period | 412,021 | 19,915 | 5,102 | 437,038 |
| Effects of exchange rate changes on cash balances held in foreign currencies | 10,402 | 178 | - | 10,580 |
| Cash and cash equivalents at end of period | 405,590 | 8,649 | 5,386 | 419,625 |

Notes

(a) Adjustment assumes the Acquisitions and Disposals occurred on April 1, 2009, or, if later, the date of incorporation of the relevant entity.

(b) Adjustment assumes the Change in Capital Structure. The adjustment reflects the reversal of finance costs relating to the novation of external bank loans amounting to US$313.6 million to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million.

## PRO FORMA RESULTS OF OPERATIONS

The following table sets forth our pro forma revenue by country for the periods indicated.

| | Year Ended March 31 | | | Three-month Period Ended June 30, 2010 |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| | US$ (in thousands) | | | |
| China | 22,357 | 42,458 | 64,920 | 20,021 |
| Japan | 227,436 | 312,631 | 347,324 | 91,897 |
| Total | 249,793 | 355,089 | 412,244 | 111,918 |

### Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

***Revenue.*** Our pro forma revenue increased 16.1% to US$412.2 million in fiscal year ended March 31, 2010 from US$355.1 million in fiscal year ended March 31, 2009. This increase was primarily attributable to the continued development of our properties and additional leasable area, in particular in China. Our leasable area of completed properties increased from 5.36 million sq. m. to 6.02 million sq. m. Our pro forma revenue in fiscal year ended March 31, 2010 further increased due to the strengthening of the Japanese Yen against the U.S. dollar, with the average exchange rate during the fiscal year increasing by approximately 5.4%, which correspondingly increased our revenues upon translation to US dollars.

***Management fees.*** Our pro forma management fees decreased to US$10.0 million in fiscal year ended March 31, 2010 from US$14.4 million in fiscal year ended March 31, 2009 because the management fees paid to ProLogis in Japan were eliminated after GLPH began managing the Japanese Portfolio upon the termination of the management agreement with ProLogis in July 2009.

***Property-related expenses.*** Our pro forma property-related expenses increased to US$54.9 million in fiscal year ended March 31, 2010 from US$47.9 million in fiscal year ended March 31, 2009 due to the expansion of our investment portfolio.

***Other expenses.*** Our pro forma other expenses increased to US$51.9 million from US$41.2 million primarily due to costs associated with an increase in the number of employees who joined GLPH in Japan and China and corresponding increase in operating expenses.

***Share of results (net of income tax) of jointly-controlled entities.*** Our pro forma share of results of jointly-controlled entities increased to US$28.0 million in fiscal year ended March 31, 2010 from US$6.7 million in fiscal year ended March 31, 2009, as a result of the growth in the business of our jointly-controlled entities in China.

***Profit before changes in fair value of investment properties.*** Our pro forma profit before changes in fair value of investment properties increased to US$268.4 million in fiscal year ended March 31, 2010 from US$206.9 million in fiscal year ended March 31, 2009, as a result of the reasons described above.

***Changes in fair value of investment properties.*** The fair value of our investment properties decreased by US$377.0 million in fiscal year ended March 31, 2010 on a pro forma basis. This decrease was related to declining property prices in Japan in the wake of the global financial crisis and was partially offset by a gain in the fair value of our properties in China. Our pro forma loss on fair value of our investment properties in fiscal year ended March 31, 2010 was also contributed by the strengthening of the Japanese Yen against the US dollars.

***Loss before income tax.*** We incurred a pro forma loss before income tax in fiscal year ended March 31, 2010 amounting to US$108.7 million compared to a pro forma loss before income tax in fiscal year ended March 31, 2009 amounting to US$287.3 million, in each case primarily as a result of the negative changes in the fair values of our properties, which were larger in fiscal year ended March 31, 2009 than in fiscal year ended March 31, 2010.

***Income tax expense.*** Our pro forma income tax expense was US$20.7 million in fiscal year ended March 31, 2010 compared to a pro forma tax benefit of US$12.5 million in fiscal year ended March 31, 2009.

***Loss for the year.*** As a result of the foregoing, we reduced our pro forma loss by 52.9% in the fiscal year ended March 31, 2010, from a pro forma loss in fiscal year ended March 31, 2009 amounting to US$274.8 million to a pro forma loss of US$129.3 million in fiscal year ended March 31, 2010.

**Fiscal Year Ended March 31, 2009 Compared to Fiscal Year Ended March 31, 2008**

***Revenue.*** Our pro forma revenue increased by 42.2% to US$355.1 million in fiscal year ended March 31, 2009 from US$249.8 million in fiscal year ended March 31, 2008. This increase was primarily attributable to the continued development of our properties and additional leasable area, in both Japan and China. Our leasable area of our completed properties increased from 3.79 million sq. m. to 5.36 million sq. m. Our pro forma revenue in fiscal year ended March 31, 2009 further increased due to the strengthening of the Japanese Yen against the U.S. dollar which increased our revenues upon translation to U.S. dollars.

***Management fees.*** Our pro forma management fees payable to ProLogis increased to US$14.4 million in fiscal year ended March 31, 2009 from US$10.2 million in fiscal year ended March 31, 2008 due to the growth of our investment portfolio in China.

***Property-related expenses.*** Our pro forma property-related expenses increased to US$47.9 million in fiscal year ended March 31, 2009 from US$28.2 million in fiscal year ended March 31, 2008 due to the expansion of our investment portfolio in China.

***Other expenses.*** Our pro forma other expenses increased to US$41.2 million from US$27.2 million primarily due to the expansion of our investment portfolio in China.

***Share of results (net of income tax) of jointly-controlled entities.*** Our pro forma share of results of jointly-controlled entities decreased to US$6.7 million in fiscal year ended March 31, 2009 from US$10.6 million in fiscal year ended March 31, 2008.

***Profit before changes in fair value of investment properties.*** Our pro forma profit before changes in fair value of investment properties decreased to US$206.9 million in fiscal year ended March 31, 2009 from US$616.9 million in fiscal year ended March 31, 2008, for the reasons described above.

***Changes in fair value of investment properties.*** The fair value of our investment properties decreased by US$494.2 million in fiscal year ended March 31, 2009 on a pro forma basis. This decrease related to declining property prices in Japan. In fiscal year ended March 31, 2008, the fair value of our investment properties decreased by US$18.1 million on a pro forma basis, as property prices in Japan declined.

***Profit/(Loss) before income tax.*** We incurred a pro forma loss before income tax in fiscal year 2009 amounting to US$287.3 million compared to generating a pro forma profit before income tax in fiscal year ended March 31, 2008 amounting to US$598.8 million. The loss in fiscal year ended March 31, 2009 was primarily the result of the negative changes in the fair values of our properties, which were substantially larger in fiscal year ended March 31, 2009 than in fiscal year ended March 31, 2008.

***Income tax expense.*** We recorded a pro forma tax benefit of US$12.5 million in fiscal year ended March 31, 2009 compared to pro forma income tax expense amounting to US$10.5 million in fiscal year ended March 31, 2008.

***Profit/(Loss) for the year.*** As a result of the foregoing, we incurred a pro forma loss amounting to US$274.8 million in fiscal year ended March 31, 2009, compared to a pro forma profit of US$588.3 million in fiscal year ended March 31, 2008.

## HISTORY AND CORPORATE REORGANIZATION

Our Company is the holding company of our portfolios of logistics facilities in Japan and China, as well as the asset management companies that manage these facilities. Our portfolios comprise primarily logistics facilities, the majority of which were acquired from ProLogis, a NYSE-listed provider of distribution facilities. Our key management team comprises members formerly from ProLogis who were instrumental in the initial establishment and development of this portfolio. In particular, our Deputy Chairman, Chairman of the Executive Committee and Executive Director, and the co-founder of GLPH, Jeffrey H. Schwartz, was the former Chairman and CEO of ProLogis; our Chief Executive Officer and Executive Director, and the co-founder of GLPH, Ming Z. Mei, was formerly CEO of ProLogis for China and Asian Emerging Markets; and our President of Japan, Masato Miki, was formerly President and Co-CEO of ProLogis Japan. While at ProLogis, Mr. Schwartz, Mr. Mei and Mr. Miki were members of its global executive committee, which Mr. Schwartz chaired. Since joining our Group, each of them has continued to lead our operations in his respective area and remains key to the continuing success of our business. Other members of our current team of managers for our portfolios were also involved in the original development and management of the portfolios and joined our Group after we acquired the portfolios from ProLogis.

Details of our China portfolio, Japan portfolio and asset management companies are set out below.

### The China Portfolio

The China portfolio (the "China Portfolio") has its origins in CLH Limited (the "China Fund"), which was established in 2008 by our Company and ProLogis primarily to invest in logistics facilities in China developed by third parties. At the time, our Company held a 67% share in the China Fund, with the remaining 33% held by ProLogis. Facilities satisfying certain pre-agreed criteria, such as a minimum internal rate of return on equity at a project level, were acquired by the China Fund and managed by the then-serving ProLogis China management team, all of whom became members of our management team.

In February 2009, as part of a series of transactions with ProLogis (the "2009 Acquisition"), we acquired from ProLogis its 33% share in the China Fund, together with all of ProLogis' other operations and assets in China, which included its entire China portfolio comprising primarily logistics facilities and land, or rights to acquire such facilities and land, as well as its then-existing management and the rights to continue to use in China the trade mark relating to the Chinese name of ProLogis. In connection with the 2009 Acquisition, the entire then-serving ProLogis China management team joined our Group, and has since continued with the management of the China Portfolio.

### The Japan Portfolio

The Japan portfolio (the "Japan Portfolio") has its origins in three Japan funds, namely, JLP1, JLP2 and JLP3 (each as defined herein) (each a "Japan Fund", and together the "Japan Funds"), the first of which was established in 2002 to invest in completed logistics facilities in Japan. At the time of the establishment of the Japan Funds, Recosia (as defined herein), through its subsidiaries, held an 80% share in these Japan Funds, with the remaining 20% being held by ProLogis. Certain logistics facilities (including facilities then owned by ProLogis which met certain pre-agreed criteria such as a minimum occupancy rate) were acquired by the Japan Funds, and managed by the then-serving ProLogis Japan management team.

In February 2009, as part of the 2009 Acquisition, Recosia's subsidiaries acquired ProLogis' 20% share in the Japan Funds and became their sole owner. At that time, the portfolio held by the Japan Funds comprised 70 completed logistics facilities.

As part of the 2009 Acquisition, certain key members of ProLogis' management team who were involved in the management and development of the portfolios in Japan since their inception joined our Group to form part of our management team.

**Asset Management Companies**

In connection with the 2009 Acquisition, we, through our affiliate, Reco Logistics Management (as defined herein) and SMG established GLPH to manage, through subsidiaries of GLPH, the Japan Portfolio and the China Portfolio. As at the date of this offering document, GLPH is owned by Reco Logistics Management (approximately 50% of its issued share capital) and SMG (as to the remainder of its issued share capital). SMG is controlled by Jeffrey H. Schwartz (as to 50% of its voting share capital) and Ming Z. Mei (as to the remaining 50% of its voting share capital).

**The Corporate Reorganization**

Prior to the lodgement of this offering document with the Authority, our Company entered into Master Restructuring Agreement as described below, pursuant to which the parties agreed to enter into the transactions described below as part of the Corporate Reorganization.

The Corporate Reorganization comprises:

(a) the acquisitions by our Company of the Japan Funds (the "Japan Reorganization");

(b) the acquisition by our Company of approximately 50% of the issued share capital of GLPH from Reco Logistics Management (the "GLPH Reorganization");

(c) the acquisition by our Company of the remainder of the issued share capital of GLPH from SMG (the "GLPH Acquisition");

(d) the repayment and/or capitalization of existing shareholders' loans made to, and/or outstanding intercompany payables of, our Group (the "Loan Repayment and Capitalization"); and

(e) the replacement of existing preferred equity of the Japanese TMK subsidiaries of the Japan Funds (the "Preferred Equity Replacement").

The Japan Reorganization, GLPH Reorganization and GLPH Acquisition will be completed immediately prior to the listing of our Company on the Main Board of the SGX-ST. The Loan Repayment and Capitalization and Preferred Equity Replacement will be completed as soon as practicable after the listing of our Company on the Main Board of the SGX-ST. In addition, the Corporate Reorganization will also involve the replacement of certain legal representatives (who were originally nominated by our substantial shareholder) of our subsidiaries within the China Portfolio following the listing of our Company on the Main Board of the SGX-ST. Until such time that the replacement of these legal representatives becomes effective under PRC laws and regulations, our officers will be authorised to act on behalf of the relevant subsidiaries and in this regard, we will indemnify the existing legal representatives and our substantial shareholder's wholly-owned subsidiary, GIC Real Estate International China Co., Ltd (which is the immediate employer of such legal representatives) and its affiliates against all losses, damages and claims suffered by them arising from the actions of our officers under such authority, as well as in respect of any documentation or filing that may be required under PRC laws or regulations to be executed or made by the existing legal representatives prior to their replacement. Further details of the Corporate Reorganization are set out below:

**The Japan Reorganization**

Pursuant to the Master Restructuring Agreement, we will acquire the entire issued share capital of each of JLP1, JLP2 and JLP3 as follows:

*Acquisition of JLP1.* We will acquire the entire issued share capital of JLP1 from Reco Platinum for an aggregate consideration to be satisfied by the issue and allotment of 406,017,253 new Shares (the "JLP1 Consideration Shares") to Reco Platinum prior to the listing of our Company on the Main Board of the SGX-ST. The consideration for the acquisition of JLP1 was agreed upon based on the net book value of JLP1 relative to the net book value of our Company as of

June 30, 2010. Following the listing of our Company on the Main Board of the SGX-ST, all preferred equity held by affiliates of Reco Platinum in the Japanese TMK subsidiaries of JLP1 will be redeemed, and new preferred equity will be subscribed for, and issued to, our Group. The aggregate value of the preferred equity to be redeemed is ¥21,685,800,000 and the aggregate value of the new preferred equity to be subscribed for will be an equivalent amount.

*Acquisition of JLP2.* We will acquire the entire issued share capital of JLP2 from Reco Benefit for an aggregate consideration to be satisfied by the issue and allotment of 781,415,550 new Shares (the "JLP2 Consideration Shares") to Reco Benefit prior to the listing of our Company on the Main Board of the SGX-ST. The consideration for the acquisition of JLP2 was agreed upon based on the net book value of JLP2 relative to the net book value of our Company as of June 30, 2010. Following the listing of our Company on the Main Board of the SGX-ST, all preferred equity held by affiliates of Reco Benefit in the Japanese TMK subsidiaries of JLP2 will be redeemed, and new preferred equity subscribed for, and issued to, our Group. The aggregate value of the preferred equity to be redeemed is ¥27,471,400,000, and the aggregate value of the new preferred equity to be subscribed for will be an equivalent amount.

*Acquisition of JLP3.* We will acquire the entire issued share capital of JLP3 from Reco Heir for an aggregate nominal consideration of US$1.00 prior to the listing of our Company on the Main Board of the SGX-ST. The consideration for the acquisition of JLP3 was agreed upon on the basis that the net book value of JLP3 as of June 30, 2010 was negative. Following the listing of our Company on the Main Board of the SGX-ST, all preferred equity held by affiliates of Reco Heir in the Japanese TMK subsidiaries of JLP3 will be redeemed, and new preferred equity subscribed for, and issued to, our Group. The aggregate value of the preferred equity to be redeemed is ¥14,742,500,000, and the aggregate value of the new preferred equity to be subscribed for will be an equivalent amount.

**The GLPH Reorganization**

Pursuant to the Master Restructuring Agreement, we will acquire approximately 50% of the issued share capital of GLPH from Reco Logistics Management for an aggregate consideration to be satisfied by the issue and allotment of 189,853,251 new Shares to Reco Logistics Management. Pursuant to a Joint Venture Agreement entered into in respect of GLPH on February 25, 2009 among SMG, Reco Logistics Management and others, it was agreed that GLPH would distribute to eligible employees a percentage of certain carried interests payable to GLPH in respect of portfolio projects. In connection with our acquisition of GLPH from Reco Logistics Management, we will allocate and issue 15,791,298 new Shares (together with the new Shares to be issued to Reco Logistics Management as aforesaid, the "RLM GLPH Consideration Shares") to GLP ABC for the benefit of eligible employees in replacement of part of the aforementioned interest set out in the said Joint Venture Agreement. The consideration for the acquisition of the GLPH shares from Reco Logistics Management was negotiated on an arm's length basis between Reco Logistics Management and our Company. This negotiation took into account both parties' perceived views of the estimated commercial value of GLPH, which was based on various factors including the potential earnings of GLPH should the listing of our Company on the SGX-ST not occur. In addition, both parties had agreed, on the basis of their estimated value of the Company after the Offering, that the acquisition would result in Reco Logistics Management holding a certain fixed percentage of the issued share capital of the Company (excluding the new Shares to be issued by the Company pursuant to the Offering).

**The GLPH Acquisition**

Pursuant to the Master Restructuring Agreement, we will acquire the remainder of the issued share capital of GLPH from SMG for an aggregate consideration to be satisfied by the issue and allotment of 189,853,251 new Shares to SMG. Pursuant to a Joint Venture Agreement entered into in respect of GLPH on February 25, 2009 among SMG, Reco Logistics Management and others, it was agreed that GLPH would distribute to eligible employees a percentage of certain carried interests payable to GLPH in respect of portfolio projects. In connection with our acquisition of GLPH from SMG, we will allocate and issue 15,791,298 new Shares (together with the new Shares to be issued to SMG as aforesaid, the "SMG GLPH Consideration Shares") to GLP ABC for the benefit of eligible employees in replacement of the aforementioned interest set out in the said Joint Venture Agreement. The consideration for the acquisition of the GLPH shares from SMG was negotiated on an arm's length basis between SMG and our Company. This negotiation took into account both parties' perceived views of the estimated commercial value of GLPH, which was based on various factors including the potential earnings of GLPH should the listing of our Company on the SGX-ST not occur. In addition, both parties had agreed, on the basis of their estimated value of the Company after the Offering, that the acquisition would result in SMG holding a certain fixed percentage of the issued share capital of the Company (excluding the new Shares to be issued by the Company pursuant to the Offering).

Following the GLPH Reorganization and the GLPH Acquisition, GLPH will become a wholly-owned subsidiary of our Company.

**The Loan Repayment and Capitalization**

Reco Platinum, Reco Benefit and Reco Heir have extended financing in the form of shareholders' loans and intercompany advances to JLP1, JLP2 and its subsidiaries and JLP3, respectively (the "RPBH Loans") for investment and/or general corporate purposes. As at the Latest Practicable Date, the aggregate amount outstanding on the RPBH Loans was US$588.8 million. Of the RPBH Loans, US$417.6 million will be capitalized by way of an issue and allotment of an aggregate of 298,726,784 new Shares (the "Reco Capitalisation Shares") to Reco Platinum and Reco Benefit and the remaining amount will be repaid to Reco Heir from the net proceeds of the Offering.

Since 2008 Recosia China has provided interest-free intercompany advances (the "Recosia China Intercompany Advances") to our Company for our Group's investment and general corporate purposes, including the replacement of external bank loans that we had previously borrowed. As at the Latest Practicable Date, the aggregate amount of outstanding intercompany advances (including any interest accrued on the Recosia China 2010 Loan) was US$917.7 million. US$725.4 million of such outstanding intercompany advances will be capitalized by way of an issue and allotment of an aggregate of 518,920,627 new Shares (the "Recosia Advances Capitalisation Shares") to Recosia China, while the remaining amount of such outstanding intercompany advances will be repaid from the net proceeds of the Offering.

Recosia China had, on June 30, 2010, extended a shareholder's loan to us for our Group's investment and/or general corporate purposes (the "Recosia China 2010 Loan"). The principal amount outstanding on such loan as at the Latest Practicable Date was approximately US$100.8 million. The Recosia China 2010 Loan and any interest accrued thereon will be repaid from the net proceeds of the Offering.

**The Preferred Equity Replacement**

The property assets in the Japan Portfolio are held through the TMKs, which are Japanese asset holding companies structured in accordance with TMK laws in Japan. The outstanding preferred equity (the "Existing Preferred Equity") issued by the TMKs is currently held by Recosia's subsidiaries. As part of the Corporate Reorganization, the Existing Preferred Equity held by Recosia's subsidiaries will be redeemed, and our Group will subscribe for new Preferred Equity (the "New Preferred Equity") in replacement thereof. The aggregate subscription moneys required for such subscription for the New Preferred Equity is ¥63,899,700,000 (US$746,143,157), and will be funded from the net IPO proceeds. The issuance of the New Preferred Equity by our Group is expected to be effective approximately three business days after the listing of our company on the Main Board of the SGX-ST.

The Existing Preferred Equity issued, or the New Preferred Equity to be issued, by the TMKs accrue dividends that can only be paid to holders of record as at the end of the relevant TMK's fiscal year. Certain of the TMKs have a fiscal year end of December 31, while the remainder have a fiscal year end of March 31. Since the Existing Preferred Equity currently held by Recosia's subsidiaries will be repaid prior to the TMKs' year-ends and replaced with New Preferred Equity to be held by our Group, Recosia's subsidiaries will not be able to receive any of the dividends on the Existing Preferred Equity in respect of the beginning of the relevant current fiscal year up to the time when their Existing Preferred Equity is redeemed (the "Relevant Accrual Period"). In this regard, we have agreed with Recosia under the Master Restructuring Agreement that our Group will, upon payment of any dividends by the TMKs at the end of the relevant fiscal year of the TMKs, pay to Recosia and/or its nominees the relevant amounts of accrued dividends (the "Accrued Dividends") that Recosia's subsidiaries would have received on their Existing Preferred Equity in respect of the Relevant Accrual Period. The Accrued Dividends are estimated to be ¥2,182.0 million (equivalent to US$25.4 million), based on the following assumptions: (i) the Relevant Accrual Period is assumed to be from January 1, 2010 or April 1, 2010, as the case may be, to the day that the Existing Preferred Equity holders receive full consideration for the Existing Preferred Equity; (ii) there is no interim dividend declared during the Relevant Accrual Period; (iii) the accumulated Existing Preferred Equity dividend is taken into account while computing the total accrued Preferred Equity dividend. For the avoidance of doubt, the making of such payments will take place following the listing of our company on the Main Board of the SGX-ST. We account for the Accrued Dividends payable to the Recosia subsidiaries as part of minority interests in our financial statements; as such, the payment of the Accrued Dividends to the Recosia subsidiaries will not have a material financial impact on our Group.

**Restructuring of TMKs for Bankruptcy Remoteness**

The majority of the TMKs that hold our property assets in the Japan Portfolio are held by our wholly-owned subsidiaries incorporated in Singapore ("Singapore Holding Companies"). These property assets are currently financed through non-recourse financing arrangements with Japanese lenders. In non-recourse financing arrangements in Japan for property assets, Japanese lenders typically require the property assets to be held by a TMK that is structured to be bankruptcy-remote in order to ring-fence the assets against the risk of bankruptcy or liquidation of the TMK. In preparation for the listing of our Company on the Main Board of the SGX-ST, the Japanese lenders for our Japanese assets have agreed on a structure to be established following the completion of the listing of our Company on the Main Board of the SGX-ST, with the inclusion of, among others, the following features:

(i) each Singapore Holding Company will issue a "golden share" to a Cayman special purpose company. The "golden share" will attach veto rights over:

  (a) amendments to the TMK's constitutional documents;

  (b) dissolution of the TMK;

  (c) appointment and replacement of directors of the TMK; and

  (d) a shareholder decision to voluntarily liquidate the Singapore Holding Company.

  The "golden share" will be structured as a redeemable preference share, to be redeemed upon the full repayment of any TMK financing;

(ii) each Singapore Holding Company will also undertake to the Japanese lenders not to dissolve or liquidate the TMK;

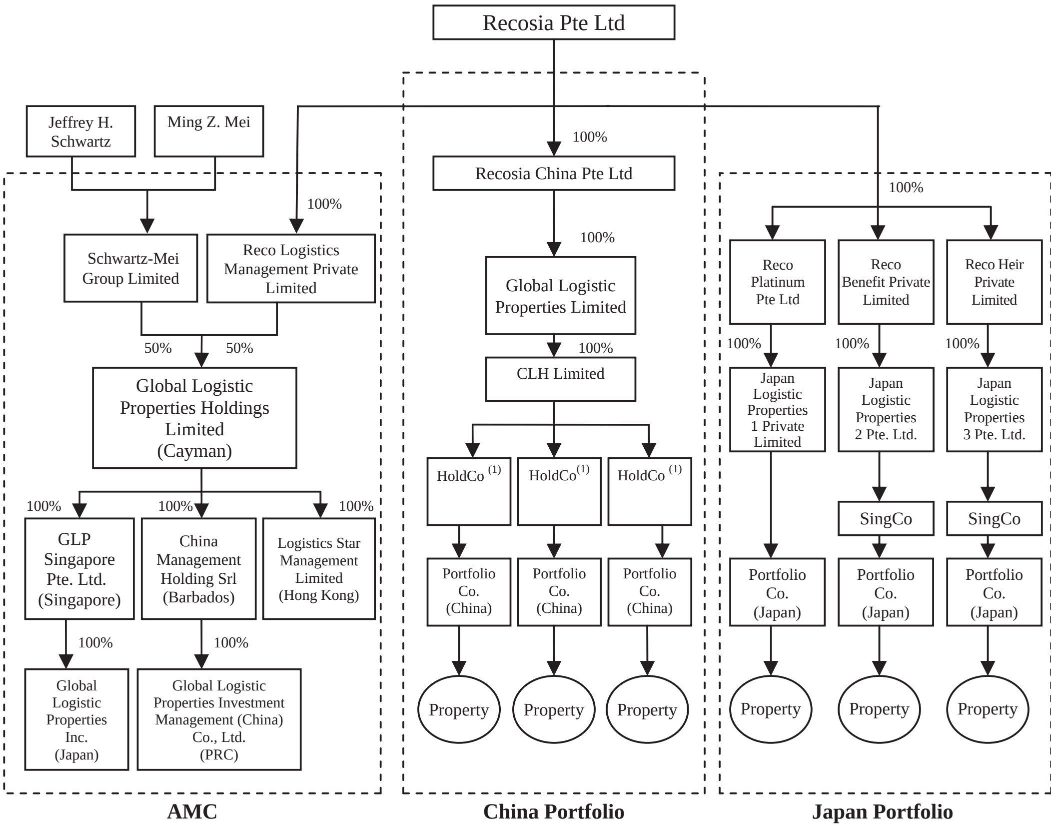
(iii) each director of each Singapore Holding Company will undertake to the Japanese lenders not to petition for winding-up of the Singapore Holding Company;

(iv) each TMK will undertake to the Japanese lenders not to instigate its own bankruptcy or liquidation proceedings; and

(v) each director of each TMK will also undertake to the Japanese lenders not to instigate bankruptcy or liquidation proceedings in respect of the TMK.

## Group Structure Immediately Prior to the Corporate Reorganization

Immediately prior to the Corporate Reorganization, the corporate structure of our Group (in simplified form) is as follows:

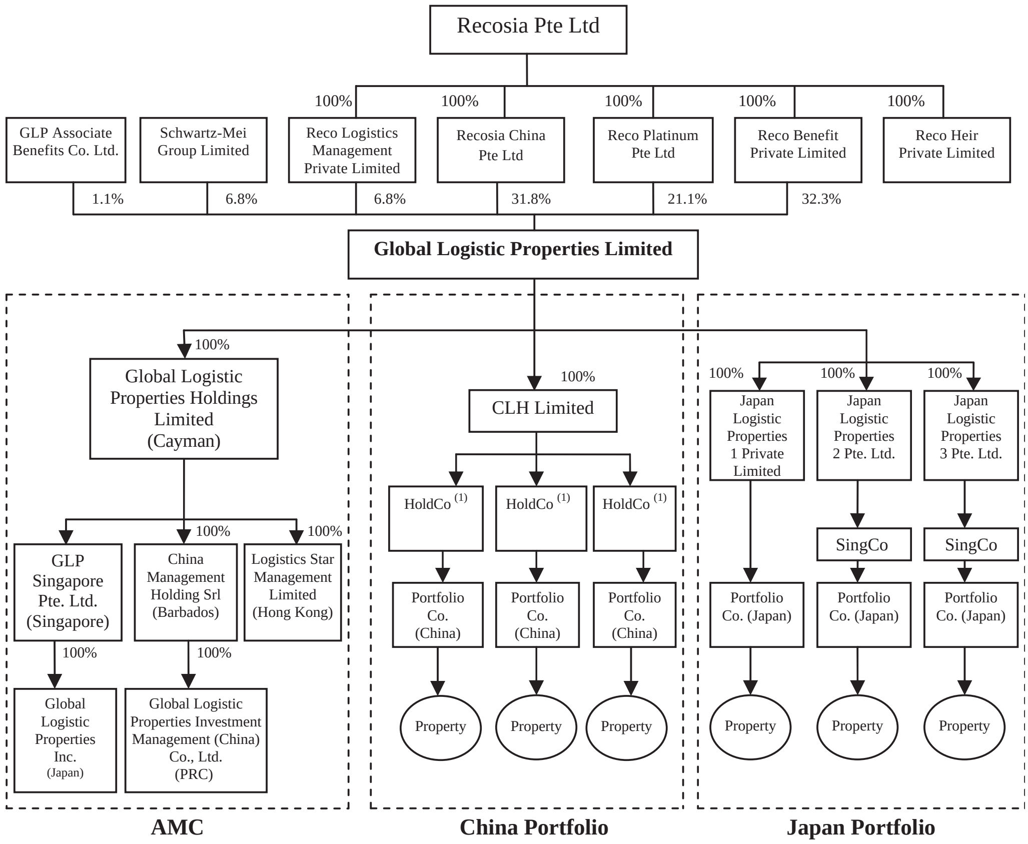



Note:

(1) Held through various holding companies in Barbados, China, Singapore, Hong Kong and/or the Cayman Islands.

## Group Structure Following the Corporate Reorganization

Following the completion of the Corporate Reorganization, the corporate structure of our Group (in simplified form) will be as follows:




Note:

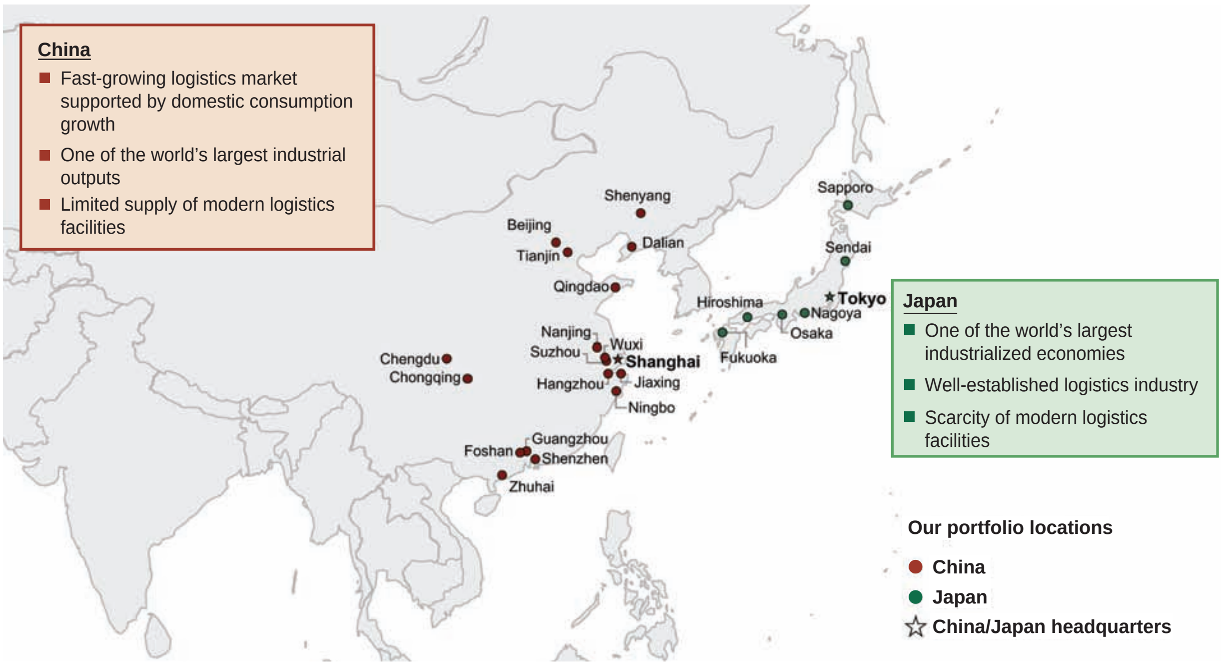
(1) Held through various holding companies in Barbados, China, Singapore, Hong Kong and/or the Cayman Islands.

## OVERVIEW

We are one of the largest providers of modern logistics facilities in Asia. We are the leading modern logistics facility provider in China and Japan by floor area. China and Japan are Asia's two largest economies and China is one of Asia's fastest-growing logistics markets. Our early mover advantage in these markets has allowed us to establish our presence in strategically located sites across key gateway cities in these countries. For a discussion of what constitutes a "modern" logistics facility in China and Japan, respectively, see "Appendix A—Industry Overview" included herein.

We own, manage and lease out an extensive network of 296 completed properties within 122 integrated parks (including 120 logistics parks and two light assembly facilities parks) with a GFA of approximately 6.2 million sq. m. (see chart on next page) as of June 30, 2010. In China, we also have interests in an additional 1.0 million sq. m. of properties under development or being repositioned and over 2.2 million sq. m. of GFA under land held for future development. In addition, we also have approximately 4.6 million sq. m. of GFA under land reserve. Our network is spread across 25 major cities in China and Japan. See "Our Portfolio". Each of our parks is strategically located within key logistics hubs and near major seaports, airports, transportation hubs or industrial zones in the greater metropolitan areas of China and Japan. The size and geographic reach of our portfolio, as illustrated below, allow us to meet our customers' business and expansion needs in multiple locations, offering a significant competitive advantage.

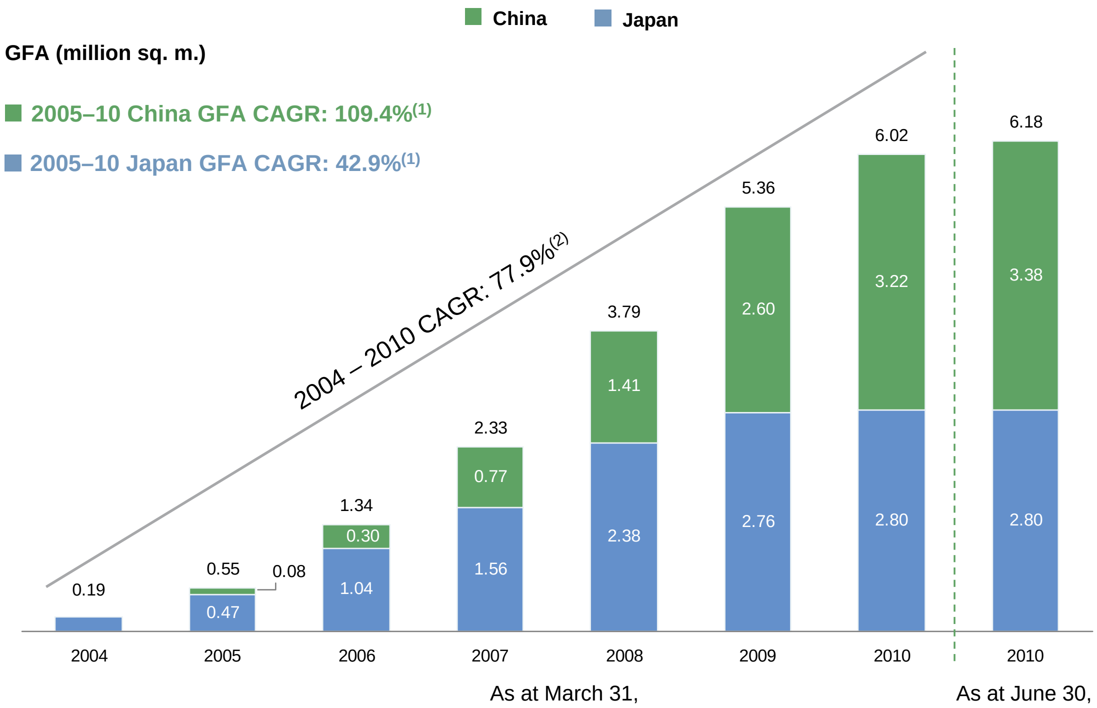
### Our extensive network reflects our leadership position




Our portfolio of modern facilities and our offering of logistics facilities-related services allow us to meet the requirements of large multi-national companies as well as leading domestic customers. In addition, our stabilized assets in Japan provide us with a recurrent source of capital to fund our strategic growth in China, enhancing our flexibility to respond decisively to acquisition and development opportunities.

### Proven track record of growth

Key members of our management team have proven track records of developing and managing logistics facilities. Our portfolio grew from 0.19 million sq. m. at the end of fiscal year ended March 31, 2004 to 6.02 million sq. m. at the end of fiscal year ended March 31, 2010, representing a CAGR of 77.9%. The following chart shows the growth of the China Portfolio and the Japan Portfolio by aggregate GFA of completed properties as at each of the dates indicated.

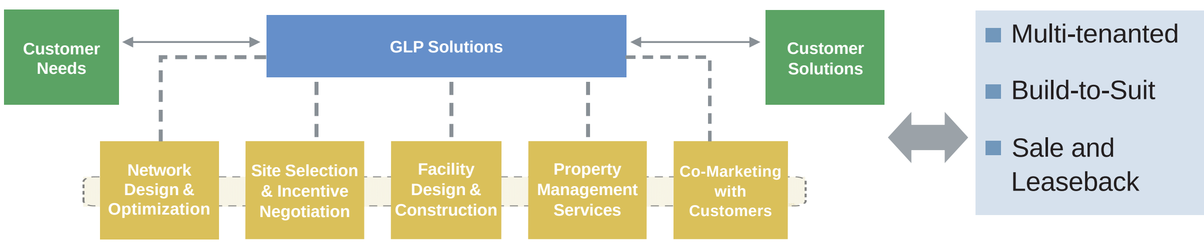



(1) For the period from March 31, 2005 to March 31, 2010
(2) For the period from March 31, 2004 to March 31, 2010

We are managed by a team that includes industry specialists with public company experience led by Jeffrey H. Schwartz, the former Chairman and CEO of ProLogis. Our team has end-to-end capabilities that allow us to comprehensively cater to our customers' needs.

We offer value-added services including facility design, site selection, network optimization, property management and co-marketing with customers, such as magazine advertising featuring Joyo Amazon. We offer a broad range of logistics facility-related solutions spanning various segments including multi-tenanted facilities, build-to-suit/single-tenanted facilities and facilities under sale and leaseback arrangements and are one of the few providers of modern logistics facilities in China and Japan. Our customers include both established multi-national and domestic brands, including Wal-Mart China, DHL, FedEx, UPS, Joyo Amazon, Sony, Panasonic, Yum!, Deppon Logistics, Shanghai Pharma, Hitachi Transport System and Nippon Express.

The following chart shows the logistics facility-related services that we offer to our customers and our ability to provide solutions across the entire logistics facility value chain.



## Our operating environment and growth strategy

Our existing operations are in China and Japan, and our strategy will continue to be Asia-focused. Asian economies have grown faster than economies in other regions in the world over the past five years, and we believe that the potential for growth in Asia is substantial (See "Appendix A—Industry Overview" included herein). For example, while GDP growth rates in the United States and the Euro zone were stagnant or negative in 2008 and 2009, China's GDP has continued to grow strongly during those periods, with 9.6% growth in 2008 and 9.1% growth in 2009.

The International Monetary Fund estimates that within five years, Asia's economy will be approximately 50% larger (in purchasing-power-parity terms) than it is today and that by 2030, Asian economies' GDP will exceed that of the "Group of Seven" industrialized countries in aggregate[(4)]. We intend to continue to focus our business on Asia in order to capitalize on this growth opportunity, and in particular in China. When suitable opportunities arise, we intend to selectively expand our business in other Asian growth markets where we do not currently operate, such as India and Vietnam.

## China – Our Growth Opportunity

We believe that there are substantial opportunities for growth in the Chinese market for logistics facilities. The logistics market in China has grown at a CAGR of 12.4% from 2005 to 2009 to reach a market size of approximately RMB 6,083 billion (US$894 billion) in 2009. See "Appendix A—Industry Overview" included herein. The provision of logistics facilities has been one of the industries supported by the National Development and Reform Commission since 2005. We expect China's current economic and demographic conditions to drive demand for logistics facilities.

In our view, the current supply of logistics facilities in China is insufficient, in terms of both number and quality of existing facilities, to address the growth in demand that we expect in the Chinese market. As a basis of comparison, the supply of logistics facilities in the United States is approximately 14 times greater, by GFA per capita, than that of China. We also believe that a large proportion of the existing logistics facilities in China are not built to modern standards and we expect their replacement to accelerate along with China's rapid urbanization. In addition, major modern logistics facility providers account for approximately 1.0% of total market supply. See "Appendix A—Industry Overview" included herein. Among these providers, we have established clear market leadership by floor area with a portfolio of modern logistics facilities that the China Association of Warehouses and Storage recognized in July 2010 as the largest in China. Our portfolio's GFA is approximately four times larger than that of the second largest modern logistics facility provider in China.

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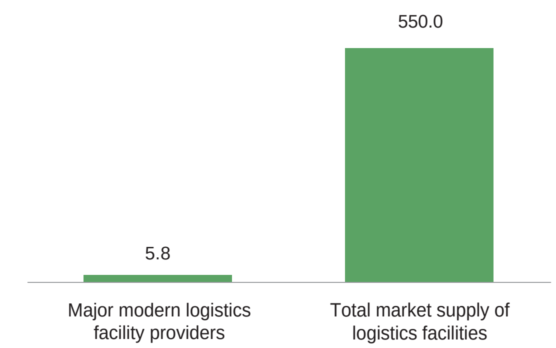
(4) Source—Singh, A., "Asia Leading the Way", Finance & Development, June 2010. Anoop Singh has not provided his consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information cited and attributed to him in this document, and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from the relevant report issued by Anoop Singh has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such report, none of the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters, us or any other party has conducted an independent review of the information contained in these reports or verified the accuracy of the contents of the relevant information. Please see "General and Statutory Information—Sources".

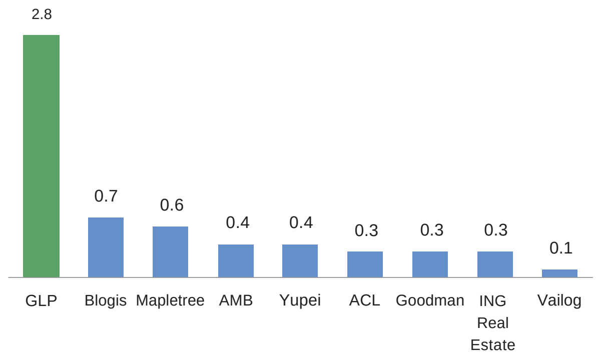
The following chart shows the size of the China Portfolio of modern logistics facilities (completed facilities only) compared to the portfolios of certain other modern logistics facilities providers, by GFA.

**Major modern logistics facility providers account for approximately 1.0% of total market supply (million sq. m.)**




Source: Please refer to Appendix A – Industry Overview

**Completed portfolio of major modern logistics facility providers in China (million sq. m.)**

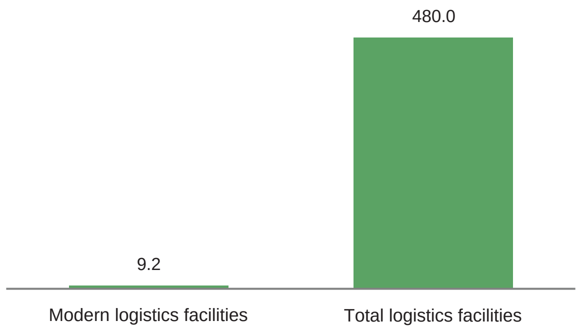



Source: Please refer to Appendix A – Industry Overview

## Japan – Our Stable Source of Cash Flows

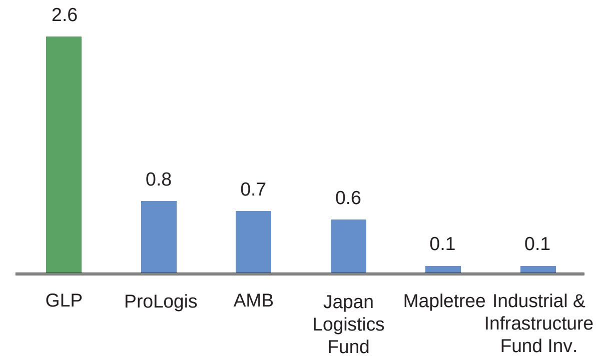
Japan is one of the largest economies in Asia and among the three largest economies in the world. The logistics industry in Japan is well-established, and according to the Japan Institute of Logistics Systems, had a market size of ¥46.0 trillion (US$515.0 billion) for the 12-month period ended March 31, 2008.(5) Modern logistics facilities however account for approximately 2% of total market supply. Among these modern facilities providers, we are the market leader in the modern logistics facilities segment, with a market share that is more than three times as large as that of our nearest competitor by NLA as the chart below shows.

**Modern logistics facilities account for approximately 2% of total market supply (million sq. m.)**




Source: Please refer to Appendix A – Industry Overview

**Net leasable area of major modern logistics facility providers in Japan (million sq. m.)**




Source: Please refer to Appendix A – Industry Overview

(5) Source—Japan Institute of Logistics Systems; Logistics Investigation Report (March 2010). The Japan Institute of Logistics Systems has not provided its consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information cited and attributed to it in this document, and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from the relevant report issued by Japan Institute of Logistics Systems has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such report, none of the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters, us or any other party has conducted an independent review of the information contained in these reports or verified the accuracy of the contents of the relevant information. Please see "General and Statutory Information—Sources".

Our focus in Japan has been on maintaining a modern portfolio of high-specification facilities that generate strong recurring cash flows. The strong financial performance of our facilities in Japan is underpinned by the following key characteristics:

- Consistently high lease ratio averaging 99.5% for the period from September 2002 to June 2010.
- High historical customer retention ratio of 84.5% for the period from September 2002 to June 2010.
- WALE of 6.6 years as of June 30, 2010, providing comparative cash flow predictability.

While the Japanese logistics facilities industry is well-established, we believe that there are dynamics within the industry—such as the scarcity of large, modern, efficient and network-integrated logistics facilities, focus on cost reduction and outsourcing, and an increasing customer preference for leasing rather than owning facilities—that will shape its development in the future. We intend to capitalize on these market dynamics to selectively expand our network of facilities across the country and maintain our share of the Japan logistics facilities market.

## RECENT DEVELOPMENTS

### Potential Strategic Transaction

On August 2, 2010, we entered into a framework agreement to acquire two companies that own in aggregate approximately 53% equity interest in a company that own certain strategically located assets in a first-tier city in China. The potential transaction would provide us with both completed properties and a substantial land portfolio in a strategic location.

The consummation of the transaction is subject to a number of conditions, including satisfactory due diligence of the target properties and sellers, successful negotiation and entry into a sale and purchase agreement and successful consummation of the Offering. In the event that the conditions are satisfied, the consummation of this transaction could occur soon after the settlement of the Offering.

The framework agreement provides that the consideration for the sale and purchase of the target will be determined by reference to the net asset value of the target group. In this regard, we contemplate that the consideration will be determined by reference to the value of the total assets and liabilities of the target group (at the time of closing of the acquisition after satisfactory due diligence), which would subsequently be adjusted by reference to a completion audit. The consideration for the sale and purchase would be approximately US$335 million. 70% of the consideration would be satisfied by the issuance of new Shares and 30% of the consideration would be satisfied in cash. We also contemplate that the new Shares to be issued to the sellers will be determined by reference to the weighted average trading price of the Shares prior to the signing of the formal sale and purchase agreement. We intend to fund the cash portion of the consideration with the proceeds from the Offering, cash generated from operations and borrowings.

It is the parties' intention that the target will dispose of one of its subsidiaries after we complete our acquisition of the target, because the subsidiary's assets are not part of our core business. As the consideration for this acquisition does not take into account the value of the subsidiary to be disposed of, following the disposal (which is due to occur after the completion of our acquisition of the target) we will be required to repay to the sellers approximately US$86 million (which represents our portion of the sale proceeds from the disposal). We expect to settle this amount in cash.

If the acquisition is consummated, investors in the Offering will experience dilution arising from the issuance of the new Shares to the sellers. We expect the equity component of the purchase consideration not to exceed 5.0% of our issued share capital following the listing of our

Company on the Main Board of the SGX-ST. Any Shares issued as consideration for this transaction will be subject to a 180-day lock-up after the date of completion of the transaction.

### Other Transactions

During the period from July 1, 2010 to September 15, 2010, we (i) acquired two additional land plots with an aggregate estimated value of US$8.1 million, (ii) signed a supplementary land grant contract to return to the government a portion of the Chongqing II plot valued at US$2.9 million, and (iii) signed a land swap agreement for certain Xiuzhou properties valued at US$6.9 million; the land swap process is underway. In addition, we are currently finalizing land grant contracts for two plots of land reserve, with an aggregate estimated value of US$6.2 million.

## OUR STRENGTHS

### We are one of the largest providers of modern logistics facilities in Asia

We are one of the largest providers of modern logistics facilities in Asia and the leading modern logistics facility provider in China and Japan by floor area. We believe that having one of the largest networks of strategically located modern logistics facilities in Asia and a leading presence in Asia's two largest economies offer us a number of strategic benefits:

- "Network effect" – the geographic reach of our network and the number, size, location and quality of our facilities allows customers to expand within our logistics parks as well as across our network locations as their businesses grow. For example, over the past three years, Deppon Logistics has increased the GFA it leases from us from approximately 3,000 sq. m. in Chongqing to more than 30,000 sq. m. across six cities in China.

- Diversified earnings base – the scale of our network helps us to achieve revenue diversity, with over 250 established customers spread over eight end-user industry sectors, as well as geographic coverage within China and Japan.

- Economies of scale – being one of the largest providers of modern logistics facilities in Asia offers us cost efficiencies in terms of negotiating construction contracts and facility management contracts and optimizing personnel resources and information systems.

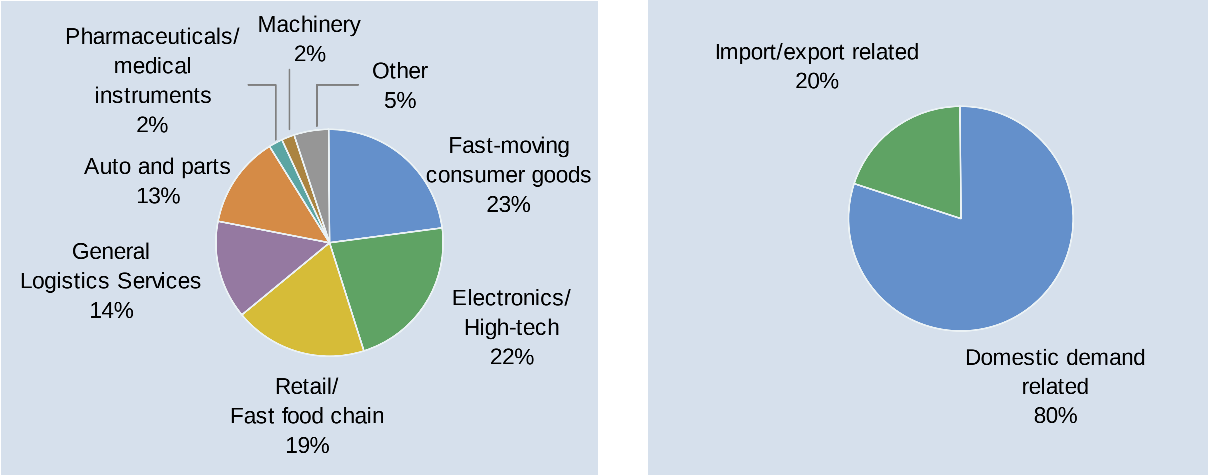
### Leadership in Asia's two largest economies

#### *China – One of Asia's fastest growing logistics markets*

China offers an attractive market opportunity, driven by strong demand for modern logistics facilities:

- **Significant growth potential driven by growth in China's domestic consumption**: With a large and rapidly growing middle-income population, China is becoming one of the world's largest consumer markets (See "Appendix A—Industry Overview" included herein). The China Portfolio is located in cities serving regions which account for more than half of China's GDP and we expect that growth in China's domestic consumption will generate opportunities for us to provide modern logistics facilities to support an increase in the volume of consumer goods that need to be transported and distributed in a cost and time-efficient manner. As of June 30, 2010, approximately 80% of our logistics facilities in China by leased area supply catered to domestic demand. Most of the end-industry sectors that our customers serve are closely related to domestic consumption.

**Leased area for completed logistics properties by end user industry and demand type**




Note: As at June 30, 2010

- **Limited supply of logistics facilities, in particular modern logistics facilities**: We believe that the current supply of logistics facilities in China is insufficient, in terms of both quantity and quality, to address the expected growth in demand. The current supply of logistics facilities in terms of GFA per capita in the United States is approximately 14 times that of China (See “Appendix A—Industry Overview” included herein). We believe over 75% of existing logistics facilities in China are unable to serve current logistics requirements.

- **Strong and sustained growth in industrial output and economic activity**: Growth in production output at a steady pace and a strong export-oriented market create further opportunities for us to attract customers in the industrial and manufacturing sectors. In addition, we expect growth in production output in China to drive the expansion or relocation of companies and industries from China’s coastal cities to second- and third-tier cities further inland, creating additional opportunities for us to provide logistics facilities to our customers in new locations.

***Japan – Well established logistics market***

The logistics industry in Japan is well-established, and according to the Japan Institute of Logistics Systems had a market size of ¥46.0 trillion (US$515.0 billion) for the 12-month period ended March 31, 2008.[6] We are the leading modern logistics facility provider by floor area in Japan and we derive positive and stable cash flows from the Japan Portfolio. We intend to use the cash that the Japan Portfolio generates for our expansion plans in China and the rest of Asia. We expect that Japan’s position as China’s largest trading partner in Asia will generate cross-border marketing opportunities and other “network effects” for us.

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(6) Source—Japan Institute of Logistics Systems; Logistics Investigation Report (March 2010). The Japan Institute of Logistics Systems has not provided its consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information cited and attributed to it in this document, and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from the relevant report issued by Japan Institute of Logistics Systems has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such report, none of the Vendor, Reco Platinum, the Joint Global Coordinators, the Joint Underwriters, us or any other party has conducted an independent review of the information contained in these reports or verified the accuracy of the contents of the relevant information. Please see “General and Statutory Information—Sources”.

At the same time, the Japan logistics market also presents an attractive opportunity for us, driven by the following factors:

- **Scarcity of modern logistics facilities**: The majority of existing logistics facilities are small and old. Facilities of more than 10,000 sq. m. of GFA under 10 years of age account for less than 6.5% of current supply.

- **Continued growth in the 3PL industry**: There has been a growing emphasis by corporates to focus on core operations and cost reductions, resulting in an overall 16.6% growth in the 3PL industry from 2005 to 2009. Industries such as internet/mail order services which grew by 93.8% by revenues from 2005-2009 have further fuelled the demand for large, modern and efficient facilities.

- **Attractive opportunities for new developments**: We are well positioned to capitalize on development opportunities in Japan, given the development expertise our team has acquired over the past decade. We believe that in 2011 supply and demand dynamics will make development attractive. Having one of the largest logistics facility networks in Japan gives us increasing opportunities to serve our customers in their expansion and supply chain re-configuration requirements.

**A scalable business model**

Compared to other real estate segments, the inherent characteristics of the logistics real estate sector, coupled with our efficient development practices, result in shorter gestation and cash conversion cycles. In our experience, the time required to develop and stabilize a typical logistics facility is substantially less than the time required to develop and stabilize typical retail and office properties. Once stabilized, these assets can serve as a recurrent source of internal cash flows. As such, we are able to realize our cash returns earlier compared to other real estate segments, and these recurring cash flows can be re-invested to accelerate growth in the business. A shorter cash conversion cycle also minimizes the risk profile of the business as it reduces exposure to economic cycles.

The scalability of our business model gives us the advantage of being able to continue building on our leadership position to capitalize on the significant market opportunities in Asia for modern logistics facilities, as well as to meet our customers' expansion needs efficiently.

**Value-added integrated solutions**

We offer our customers a comprehensive suite of logistics facility-related solutions and products, including multi-tenanted, build-to-suit and sale and leaseback facilities. Our in-house capabilities span the entire logistics facilities value chain from facility design and development to property management, leasing and marketing, offering our customers comprehensive solutions to meet their operational and financial needs.

As a result of our end-to-end capabilities in development and property management, we have been able to adopt a master-planned approach to our logistics parks in China, which comprises the following key features:

- Extensive feasibility studies on the relevant region, city and specific project. Our investment process is research-driven, disciplined and institutionalized.

- Before and throughout the development process, we work closely with local governments to understand their needs and aspirations to develop a master plan for a logistics park that is economically viable. This encourages local governments to invite us to bid for strategically located sites that provide better cost and time efficiencies for our customers. This, in turn, has helped us create a sizeable land reserve that our competitors may not be able to replicate.

- We are also closely involved in the project development process to ensure adherence to the development schedule. Our facilities are built to rigorous specifications meeting the requirements of leading multi-national and domestic customers.

- Once we have completed a facility, to ensure the quality of the development is maintained, we provide ongoing asset and property management and customer services, including regular maintenance checks.

**Well-established brand and reputation**

As a leading provider of modern logistics facilities in China and Japan, we have a strong reputation with logistics facilities customers in these markets which helps to promote brand recognition. Our brand helps us attract new customers. Our management team's extensive experience and in-depth understanding of our customers allow us to also respond swiftly to their needs.

We set ourselves high standards, both in terms of the quality of our logistics facilities as well as the service we provide to our customers. As a result, the Global Logistic Properties brand is associated with quality, responsiveness and excellence. This is reflected by our high historical customer retention ratios, which, in turn, reflect customer demand for the facilities and services that we provide.

**Award-winning Organization**

Our management team has been recognized and validated by independent third party agencies both in Asia as well as globally. In 2007, our China subsidiary, then led by our current management team, was recognized by the Euromoney's Liquid Real Estate Awards as "Best Developer in China". In 2008, our current management team led the winner of the Euromoney Real Estate Awards' "Best Industrial/Warehouse Developer in Asia". In 2009, we were recognized by Euromoney's Real Estate Awards as "Best Industrial Developer in Asia" and "Best Industrial Developer in China". We recently attained global recognition by Euromoney's 2010 Real Estate Awards, receiving the "Best Industrial/Warehouse Developer" award in the global category, "Best Industrial/Warehouse Developer in Asia" in the regional category and "Best Developer in China" in the country category. The China Association of Warehouses and Storage recognized us as the top modern warehouse in China in 2010, and named 10 of our logistics parks in China "Five-Star Warehouse Properties" in 2009. The China Communication and Transport Association listed 10 of our logistics parks in the "Top 50 Logistics Parks in China" in 2009. For a discussion of the history of our Company, including our management team, see "History and Corporate Reorganization".

**Significant embedded value in the business beyond pure cash flows**

There is significant long-term value embedded in several aspects of our business.

- ***Rezoning/reclassification of land.*** Our "early-mover" advantage in China has allowed us to gain a foothold in strategically located sites in key gateway cities. If we were to agree to a relevant government authority's request to re-zone a plot of our land to residential/commercial use, we might be unable to use the plot for a logistics facility but we might still benefit, for example, from the cash consideration (if we relinquish the land). Some of our existing sites are located within key infrastructure hubs or at city limits, which may be developed into high-end residential districts or business parks.

- ***Room for growth in asset values.*** China's rapid urbanization means that real estate assets at city outskirts have significant value uplift potential as cities expand further outward. Recent regulations providing avenues for insurance companies in China to invest in the real estate sector may enhance future investments and value appreciation in logistics facilities.

- ***Monetization of stabilized asset base.*** Potential to monetize our extensive stabilized portfolio, particularly in Japan, allows us to pursue development activities in high growth markets. For example, we could redeploy proceeds from the sale of stabilized logistics facilities to a fund or a REIT, to increase our high return development business.

- ***Potential to generate fee-based income.*** Potential stream of fee income, such as asset and investment management fees derived from acquiring and managing properties, further diversifies and de-risks our earnings base.

**Well-established track record and experienced management**

We have a well-established track record, a commitment to excellence and local market knowledge. Our investment committee evaluates projects according to a pre-agreed and consistent set of investment criteria.

Our management team is led by industry specialists with public company experience and knowledge of global industry best practices:

- Jeffrey H. Schwartz, our Deputy Chairman of the Board, Chairman of the Executive Committee and Executive Director, and the co-founder of GLPH, joined ProLogis, a NYSE-listed Fortune 500 company, in 1994, and held various executive roles, rising to Chief Executive Officer in 2005 as well as Chairman of the Board in 2007. While at ProLogis, Mr. Schwartz spearheaded its entry into the European markets in 1997. Mr. Schwartz later also established ProLogis' Asia platform in 2002, initially in Japan and eventually progressing to China and Korea.

- Ming Z. Mei, our CEO and Executive Director, and the co-founder of GLPH, was formerly the Chief Executive Officer of ProLogis for China and Asian Emerging Markets. He opened ProLogis' first office in China in 2003 and built up our China operations to their current scale. Mr. Mei has approximately 15 years of experience in real estate, land acquisition, construction and asset acquisitions.

- Masato Miki, President of our Japan operations, was formerly President and Co-CEO of ProLogis Japan. Since joining in 2002, Mr. Miki was instrumental in turning ProLogis Japan into a prominent player in the Japan logistics facility market. Mr. Miki has over 23 years of experience in real estate development and financing.

All of our senior management and substantially all of our professional staff were previously employed by ProLogis. Many of them also have significant international logistics and industrial property development and management experience.

## STRATEGY

**Strengthen our market leadership position and capitalize on the significant market opportunities in Asia**

We will continue to focus on our core markets of China and Japan. Our strategy in Asia is as follows:

- *Further develop our portfolio to leverage on the rapid growth in domestic consumption in China.* We intend to expand our business by developing new facilities in accordance with our research driven, disciplined investment process as well as our master planned approach to development. We plan to acquire additional land bank in strategic locations and cities, targeting logistics hubs in both developed and high growth areas in order to capture the growth in China's domestic consumption. As of the Latest Practicable Date, there is no specific development of new facilities in China (other than those listed in Appendix D or referred to in "Business—Recent Developments") or acquisition of land bank in China to which we have committed any portion of the proceeds of the Offering. Following our listing on the SGX-ST, we will disclose any such developments through announcements in accordance with the disclosure requirements under the SGX-ST listing rules.

- *Continue to build on our "network effect".* We have an extensive base of multi-national and domestic customers, many of whom are lessees in more than one of our logistics facilities. With a growing presence in 25 cities across China and Japan, our customers can benefit from our ability to offer them logistics solutions in multiple cities to which they plan to expand. This "network effect" allows us to expand together with our clients to achieve greater customer loyalty and higher occupancy rates for our properties. We expect a significant part of this growth to be driven by the expansion of our customer base as well as by demand for logistics space in China from our existing customers in Japan (China's largest trading partner in Asia), giving us a network advantage compared to other operators that lack our diverse and high-quality customer base.

- *Focus on asset enhancements and selective acquisition and development opportunities in Japan.* We intend to continue to focus our activities in Japan on maintaining high occupancy levels in our well-designed facilities, capitalizing on the insufficient supply of modern logistics facilities, the continued growth of the third party logistics provider industry, and the expansion of specific sectors such as internet and mail order services. As of the Latest Practicable Date, the Group has no specific plans to develop new facilities or acquire land bank in Japan. When we deem the market conditions appropriate, we will consider developing new facilities in Japan from 2011 in locations that we believe would enhance our current network and complement our customers' business and expansion plans.

- *Regional growth.* Explore the possibility of accelerating our growth elsewhere in Asia through selective developments and acquisitions in high growth markets, such as India and Vietnam, leveraging on our strong management expertise and diverse existing network of customer relationships.

**Strategically recycle capital to fund our expansion in high-growth markets**

We plan to strategically recycle capital to create and enhance shareholder value. In addition, we intend to utilize the strong recurring income streams from our completed facilities, particularly in Japan, to drive near-term expansion and growth in China. While Japan currently contributes the majority of our revenue, we expect that China will, over time, become our main revenue contributor.

We also intend to explore the possibility of establishing private development funds in Japan with third-party investors, capitalizing on our development capabilities to build our fee-based income. This will also provide an additional source of funds to spur our growth.

In the medium to long term, subject to market conditions and at the appropriate time, we aim to establish listed investment vehicles through which we can selectively monetize part of our portfolio.

**Increased economies of scale**

We intend to focus on increasing economies of scale and cost efficiency via the following key initiatives:

- Continue to increase our negotiation leverage with respect to key supplier contracts;

- Explore direct procurement of raw materials to minimize costs introduced by third-party intermediaries;

- Optimize centralized and headquarters expenses;

- Continue to focus on our master-planned approach to logistics parks in China, with larger-scale, multi-building parks to lower incremental costs of development and operation; and

- Streamline sales and marketing expenses by leveraging on our large and growing base of customers in China and Japan and continue to promote cross-border marketing initiatives between the markets in which we operate.

## OUR PORTFOLIO

All the properties that we develop are modern logistics facilities, characterized by large floor plates, high ceilings, wide column spacing, spacious and modern loading docks as well as enhanced safety systems and other value-added features. They are designed to allow flexibility to add multiple tenants or provide a platform for expansion of a single tenant, with energy-efficient technology and features to reduce our customers' costs. In China, most of our logistics parks contain several facilities, while most of our parks in Japan consist of a single facility. Most of our logistics facilities in China and some of our logistics facilities in Japan are multi-tenanted facilities. We also provide a build-to-suit service that includes site selection, construction and management of dedicated facilities customized to a single customer's specifications. We oversee the construction and management of our facilities and hire sub-contractors for the various aspects of construction and management where appropriate.

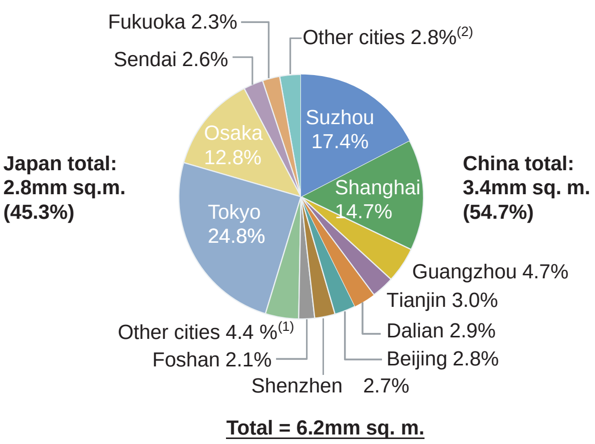
### Portfolio Summary

As of June 30, 2010, our portfolio consists of the following:

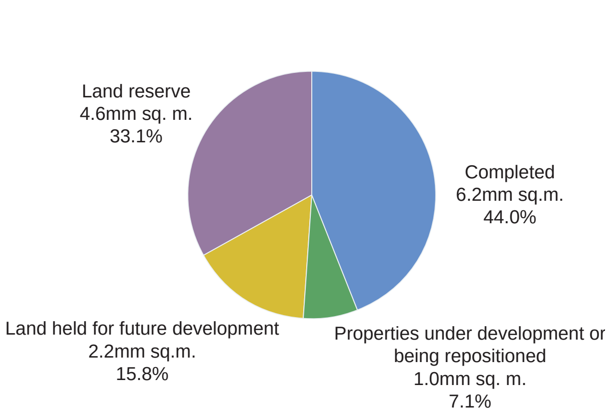
- China: 227 completed logistics and light assembly facilities with a GFA of approximately 3.4 million sq. m., 1.0 million sq. m. of GFA under development or being repositioned and over 2.2 million sq. m. of GFA under land held for future development within 53 integrated parks (including 51 logistics parks and two light assembly facilities parks) across 18 major cities. In addition, we also have approximately 4.6 million sq. m. of GFA under land reserve.

- Japan: 69 completed logistics facilities across seven major cities with a GFA of approximately 2.8 million sq. m.

**Our operating portfolio by city (million sq. m.)**




**Our portfolio by status (million sq. m.)**




Notes:
"Tokyo" includes cities located in Kanto region; "Osaka" includes cities located in Kansai region; "Sendai" includes cities located in Tohoku region; "Fukuoka" includes cities located in Kyushu region.
(1) Other cities include Qingdao, Nanjing, Wuxi, Chengdu, Chongqing, Hangzhou and Shenyang.
(2) Other cities include Nagoya, Hiroshima and Sapporo.

The following table summarizes the China Portfolio and the Japan Portfolio as of June 30, 2010:

## Portfolio overview as of June 30, 2010

| | Number of Properties/ Sites | Total GFA (sq. m.) | Effective Interest GFA (sq. m.)(1) | Total Valuation (Local Currency Millions)(2) | Total Valuation (US$ millions)(3) | Effective Interest Valuation (US$ millions)(1), (2) | Proportion of Total GFA (%) |
|---|---|---|---|---|---|---|---|
| **China** | | | | | | | |
| Completed and stabilized properties | 216 | 3,019,937 | 2,223,801 | 10,383 | 1,525 | 1,170 | 21.5% |
| Completed and Pre-Stabilized properties | 11 | 362,446 | 230,757 | 1,368 | 201 | 124 | 2.6% |
| Properties under development or being repositioned(4) | 73 | 995,116 | 868,231 | 2,511 | 369 | 297 | 7.1% |
| Land held for future development(5) | 39 | 2,213,968 | 1,678,050 | 2,137 | 314 | 245 | 15.8% |
| Land reserve(6) | 54 | 4,645,426 | 3,975,261 | 4,329 | 636 | 532 | 33.1% |
| China total(7) | 393 | 11,236,893 | 8,976,100 | 20,728 | 3,045 | 2,368 | 80.1% |
| **Japan** | | | | | | | |
| Completed and stabilized properties(8) | 69 | 2,796,918 | 2,796,918 | 515,700 | 5,817 | 5,817 | 19.9% |
| Total | **462** | **14,033,811** | **11,773,018** | | **8,862** | **8,185** | **100.0%** |

(1) Adjusted for our effective interest in non-wholly owned entities.

(2) As determined by JLL Limited for China and CBRE PL for Japan. For China, currency used is RMB and for Japan, currency used is ¥. For more information on the basis of the valuation, see "Notice to Investors—Valuations, Property Values and Gross Floor Area". In particular, the valuations of land reserve in the China Portfolio are indicative only. We do not treat a parcel of land in our land reserve as part of our assets as reflected in our combined financial statements unless and until the relevant PRC subsidiary and/or a jointly-controlled entity acquires the relevant parcel.

(3) For more information on the basis of the valuation, see "Notice to Investors—Valuations, Property Values and Gross Floor Area". As with the exchange rates used in the preparation of the interim financials, an exchange rate of US$1.0000 = RMB 6.8086 = ¥ 88.6615 has been applied. Source: OANDA (*www.oanda.com*). OANDA has not provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the information extracted from its website and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters have taken reasonable actions to ensure that the information from OANDA's website has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such website, neither we, the Vendor, Reco Platinum, the Joint Global Coordinators and the Joint Underwriters or any other party has conducted an independent review of the information contained in OANDA's website, or verified the accuracy of the contents of the relevant information. Please see "General and Statutory Information—Sources."

(4) "Properties under development or being repositioned" consists of five sub-categories of properties: (i) properties that we have commenced development, (ii) a logistics facility that is being converted from a bonded logistics facility to a non-bonded logistics facility, (iii) a logistics facility that is being converted from a non-bonded logistics facility to a bonded logistics facility, (iv) a light manufacturing facility comprising several buildings for which we are currently evaluating the feasibility of conversion of such buildings into a business park or research and development center, and (v) a light industrial and logistics facility which will be upgraded into a standard logistics facility.

(5) "Land held for future development" refers to land which we have signed the land grant contract and/or we have land certificate.

(6) "Land reserve" refers to parcels of land in respect of which the relevant PRC subsidiaries and/or their jointly-controlled entities have signed a master agreement, letter of intent or memorandum of understanding (as the case may be). The acquisition of the relevant parcels of land is subject to (i) a public bidding process, the signing of land grant agreements with the governmental authorities and obtaining of land and/or property title certificates, where the land is to be granted directly from the government authorities; or (ii) the signing of sale and purchase agreement and obtaining of land and/or property title certificates, where the vendor is not a governmental authority.

(7) Including property holding companies and/or properties having been pledged to financial institutions, as marked with the letter "E" in "Appendix D—Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties".

(8) All properties in the Japan Portfolio are subject to security interests of financial institutions, in the form of statutory liens (*ippan tanpo*), pledges and/or mortgages. See "Appendix D—Summary of the Valuation Reports Issued by the Independent Valuers in Respect of the Properties".

## The China Portfolio

Our team built up the China Portfolio beginning in 2003, which allowed it to build up a significant land bank of strategically located sites within key logistics hubs and near major seaports, airports, transportation hubs or industrial zones. The China Portfolio was initially focused on the first-tier cities of Shanghai, Beijing, Guangzhou and Shenzhen, as well as the industrial city of Suzhou, which represented the major hubs of economic activity in China. We have since gradually expanded into key gateway cities such as Qingdao, Tianjin, Hangzhou, Nanjing, Shenyang and Chengdu, where demand for modern logistics facilities is supported by rapid growth in local GDP and consumption. Our footprint in China currently encompasses logistics hubs that serve regions accounting for more than half of China's total GDP.

In China, we try to acquire the best locations available to build logistics facilities. On occasion, we also purchase existing facilities, generally with a view towards refurbishing, expanding and modernizing or replacing them, or form joint ventures with local governments, economic zones or port authorities to secure rights to large, strategically located sites. At times, we have also acquired and leased out facilities without additional renovation.

All of our modern logistics facilities in China are situated within 37 dedicated logistics parks, which we have developed and are currently managing, with generally between three to five facilities per park. To build these parks, we work closely with the relevant local governments to zone the locations that we have selected for logistics use, purchase the land and construct our facilities to modern specifications. Our largest logistics park, which is in Suzhou, comprises 35 buildings, totaling more than 491,573 sq. m. As of June 30, 2010, the remaining weighted average lease term of our completed facilities in China was approximately three years.

At present, major modern logistics facility providers account for approximately 1% of the total supply of logistics facilities in China. Most of our properties in China offer the following key features that CBRE Limited believes characterize modern logistics facilities:

- Storage safety: Security and surveillance features, proper ventilation and basic fire-fighting features such as sprinkler systems;

- Optimal space utilization: Large floor plates, high ceilings and wide column spacing;

- High operating efficiency: Spacious loading and parking areas equipped with modern loading docks; and

- Flexibility to provide customized features such as office space, air-conditioning and refrigeration/freezing.

**Selected properties our team has developed in China**

**GLP Park Northwest**

**GLP Park Suzhou**

**GLP Park Hongqiao North**

**Selected features of properties in the China Portfolio**

**Wide column spacing**

**Large floor plates**

**High ceilings**

**Modern loading facilities**

The following table summarizes key operational statistics for our completed and stabilized logistics properties in China as of or for the fiscal years ended March 31, 2008, 2009 and 2010 and for the three-month period ended June 30, 2010:

| Completed and stabilized logistics properties | As of or for the years ended March 31, | | | As of or for June 30, |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| Total GFA (sq. m.) | 822,788 | 1,544,855 | 2,130,773 | 2,131,056 |
| Lease ratio | 98.2% | 86.2% | 86.4% | 90.0% |
| Average lease ratio | 97.5% | 91.7% | 82.9% | 87.5% |
| Weighted average lease terms (years): | | | | |
| Original | 4.9 | 4.8 | 4.4 | 4.4 |
| Remaining | 3.5 | 3.1 | 2.8 | 2.6 |
| Weighted average contracted rental rate including management fee (RMB/sq. m./Day) | 0.97 | 0.97 | 0.97 | 0.96 |

### *Other Properties*

Certain existing facilities in the China Portfolio are light assembly facilities. These facilities were purchased subject to existing leases, and the lessees continue to conduct their assembly activities in these facilities. These facilities contributed 671,123 sq. m. of GFA to the China Portfolio and US$10.9 million to our revenue in the fiscal year ended March 31, 2010. In addition, we also own three container yards in China. These yards were purchased as empty lots, and we currently lease them as staging and storage areas for containers to individual corporate customers or to operators that specialize in container handling. In the near term, this usage allows us to generate revenue from the property with minimal capital and operating expenditure. In the longer term, we plan to shift the staging and storage activities to other sites and to re-develop the properties for logistics use.

Depending on the future margins that we expect to realize under the leases for the assembly facilities or container yards and on the circumstances prevailing at the time, we may renew the current leases on these properties or refurbish the relevant facility or develop container yards for use as a logistics facility.

The following table summarizes the completed and stabilized logistics and other properties in the China Portfolio by city as of June 30, 2010.

| Completed and stabilized portfolio | As of June 30, 2010 | | | | |
|---|---|---|---|---|---|
| | Number of Properties | GFA | Property Valuation | Share of GFA | Lease Ratio |
| | | *(sq. m.)* | *(Millions of RMB)* | *(%)* | *(%)* |
| Beijing | 9 | 173,762 | 687 | 5.8 | 92.4 |
| Shanghai | 40 | 798,445 | 3,116 | 26.4 | 95.5 |
| Guangzhou | 12 | 223,434 | 767 | 7.4 | 85.5 |
| Shenzhen | 2 | 78,911 | 452 | 2.6 | 97.4 |
| Suzhou | 113 | 1,039,707 | 3,094 | 34.4 | 83.4 |
| Tianjin | 11 | 165,161 | 552 | 5.5 | 93.0 |
| Dalian | 7 | 161,676 | 529 | 5.4 | 50.0 |
| Qingdao | 3 | 33,901 | 153 | 1.1 | 100.0 |
| Foshan | 6 | 126,727 | 374 | 4.2 | 99.5 |
| Nanjing | 2 | 45,878 | 120 | 1.5 | 92.8 |
| Wuxi | 2 | 39,365 | 113 | 1.3 | 84.1 |
| Chengdu | 3 | 29,694 | 77 | 1.0 | 100.0 |
| Chongqing | 1 | 18,687 | 53 | 0.6 | 100.0 |
| Hangzhou | 5 | 84,589 | 295 | 2.8 | 96.9 |
| **Total** | **216** | **3,019,937** | **10,383** | **100.0** | **88.3** |

The following table summarizes the completed and pre-stabilized logistics and other properties in the China Portfolio by city as of June 30, 2010.

| Completed and pre-stabilized portfolio | As of June 30, 2010 | | | | |
|---|---|---|---|---|---|
| | Number of Properties | GFA | Property Valuation | Share of GFA | Lease Ratio |
| | | *(sq. m.)* | *(Millions of RMB)* | *(%)* | *(%)* |
| Shanghai | 2 | 109,476 | 428 | 30.2 | 6.0 |
| Guangzhou | 2 | 69,264 | 231 | 19.2 | 80.3 |
| Shenzhen | 2 | 89,566 | 386 | 24.7 | 66.0 |
| Suzhou | 1 | 36,382 | 154 | 10.0 | 0 |
| Tianjin | 2 | 22,815 | 67 | 6.3 | 0 |
| Dalian | 1 | 16,853 | 48 | 4.6 | 15.2 |
| Shenyang | 1 | 18,090 | 54 | 5.0 | 64.7 |
| **Total** | **11** | **362,446** | **1,368** | **100.0** | **35.8** |

The following tables delineate our properties under development or being repositioned, land held for future development and land reserve as of June 30, 2010.

***Properties Under Development***

| Logistics Park Name | Property Name | City | Effective Interest | Asset Type | GFA | Actual Start Date(1) | Estimated Completion Date(1) | Reference Park No. in Appendix D-II |
|---|---|---|---|---|---|---|---|---|
| | | | % | | (sq.m.) | | | |
| GLP Park Songjiang | Songjiang B3 | Shanghai | 100% | Logistic Facility | 25,738 | Q3 2010 | Q3 2011 | 2 |
| GLP Park Songjiang | Songjiang B4 | Shanghai | 100% | Logistic Facility | 24,902 | Q3 2010 | Q4 2011 | 2 |
| GLP Park Hongqiao West | Hongqiao West B1-B4 | Shanghai | 100% | Logistic Facility | 70,968 | Q1 2011 | Q1 2012 | 5 |
| GLP Park Lingang | Lingang E1 | Shanghai | 50% | Logistic Facility | 47,746 | Q3 2009 | Q4 2011 | 13 |
| GLP Park Lingang | Lingang E2 | Shanghai | 50% | Logistic Facility | 47,746 | Q3 2009 | Q4 2011 | 13 |
| GLP Park Suzhou | Suzhou C27 | Suzhou | 50% | Logistic Facility | 36,144 | Q2 2009 | Q2 2011 | 15 |
| GLP Park Suzhou | Suzhou C28 | Suzhou | 50% | Logistic Facility | 12,729 | Q1 2011 | Q4 2011 | 15 |
| GLP Park Suzhou Industrial (Genway) | Samsung IV | Suzhou | 50% | Industrial | 13,917 | Q1 2011 | Q3 2011 | 16 |
| GLP Park HEDA | HEDA A1 | Hangzhou | 100% | Logistic Facility | 14,365 | Q3 2008 | Q3 2011 | 23 |
| GLP Park Beilun | Beilun B1 | Ningbo | 100% | Logistic Facility | 16,909 | Q3 2010 | Q3 2011 | 24 |
| GLP Park Beilun | Beilun B2 | Ningbo | 100% | Logistic Facility | 15,732 | Q3 2010 | Q3 2011 | 24 |
| GLP Park Qingdao Airport East | Qingdao Airport East B1& B2 | Qingdao | 100% | Logistic Facility | 22,366 | Q1 2011 | Q3 2011 | 28 |
| GLP Park TEDA | TEDA B7 | Tianjin | 80% | Logistic Facility | 16,609 | Q3 2010 | Q2 2011 | 39 |
| GLP Park TEDA | TEDA B8 | Tianjin | 80% | Logistic Facility | 8,030 | Q3 2010 | Q2 2011 | 39 |
| GLP Park Sanshan | Sanshan B1 | Foshan | 100% | Logistic Facility | 24,018 | Q3 2010 | Q2 2011 | 42 |
| GLP Park Sanshan | Sanshan B2 | Foshan | 100% | Logistic Facility | 10,909 | Q3 2010 | Q2 2011 | 42 |
| GLP Park Zengcheng (Xintang) | Zengcheng B1 | Guangzhou | 100% | Logistic Facility | 16,919 | Q3 2010 | Q3 2011 | 46 |
| GLP Park Zengcheng (Xintang) | Zengcheng B2 | Guangzhou | 100% | Logistic Facility | 19,384 | Q3 2010 | Q3 2011 | 46 |
| GLP Park Zengcheng (Xintang) | Zengcheng B3-B6 | Guangzhou | 100% | Logistic Facility | 76,454 | Q1 2011 | Q4 2011 | 46 |
| GLP Park Chongqing(2) | Chongqing II B1-B6 | Chongqing | 100% | Logistic Facility | 68,674 | Q1 2011 | Q4 2011 | 52 |
| GLP Park CDHT | CDHT II B6-B8 | Chengdu | 100% | Logistic Facility | 56,437 | Q4 2010 | Q3 2011 | 53 |
| **Total** | | | | | **646,696** | | | |

### *Properties Being Repositioned*

| Logistics Park Name | Property Name | City | Effective Interest | Asset Type | GFA | Actual / Estimated Start Date[1] | Estimated Completion Date[1] | Reference Park No. in Appendix D-II |
|---|---|---|---|---|---|---|---|---|
| | | | (%) | | (sqm) | | | |
| GLP Park Jinqiao | Jinqiao E1-E9 | Shanghai | 100% | Industrial | 154,912 | Q4 2011: 20%; Q4 2012: 80% | Q1 2012: 20%; Q1 2013: 80% | 11 |
| GLP Park Laogang | Laogang E1-E9 | Shanghai | 100% | Logistic Facility | 35,927 | Q1 2012 | Q3 2012 | 10 |
| GLP Park Suzhou | Suzhou Bonded (Phase I) | Suzhou | 50% | Logistic Facility | 85,632 | Q2 2011 | Q3 2011 | 15 |
| GLP Park Qingdao Airport West | Qingdao Airport West B5-B12 | Qingdao | 100% | Logistic Facility | 71,949 | Q2 2010 | Q3 2011 | 31 |
| **Total** | | | | | **348,420** | | | |

### *Land Held For Future Development*

| Logistics Park Name | Property Name | City | Effective Interest | Asset Type | GFA | Estimated Start Date[1] | Estimated Completion Date[1] | Reference Park No. in Appendix D-II |
|---|---|---|---|---|---|---|---|---|
| | | | (%) | | (sqm) | | | |
| GLP Park Fengcheng | Fengcheng Lot A | Shanghai | 100% | Logistic Facility | 42,804 | Q2 2012 | Q2 2013 | 4 |
| GLP Park Fengcheng | Fengcheng Lot B | Shanghai | 100% | Logistic Facility | 43,488 | Q3 2013 | Q2 2014 | 4 |
| GLP Park Fengcheng | Fengcheng Lot C | Shanghai | 100% | Logistic Facility | 36,196 | Q3 2013 | Q2 2014 | 4 |
| GLP Park Pujiang[3] | Pujiang | Shanghai | 100% | Logistic Facility | 154,555 | NA | NA | 7 |
| GLP Park Pudong Heqing | Pudong Heqing II | Shanghai | 100% | Logistic Facility | 70,000 | Q3 2011 | Q3 2012 | 8 |
| GLP Park Lingang | Lingang Lot F | Shanghai | 50% | Logistic Facility | 160,467 | Q2 2012 | Q2 2014 | 13 |
| GLP Park Lingang | Lingang Lots J & J2 | Shanghai | 50% | Logistic Facility | 167,219 | Q1 2014 | Q1 2016 | 13 |
| GLP Park Suzhou | Suzhou IX-1 | Suzhou | 50% | Logistic Facility | 13,733 | Q3 2011 | Q2 2012 | 15 |
| GLP Park Suzhou | Suzhou IX-2 | Suzhou | 50% | Logistic Facility | 33,942 | Q3 2011 | Q2 2012 | 15 |
| GLP Park Suzhou Industrial (Genway) | Genway Land 1-6 | Suzhou | 50% | Industrial | 99,895 | Q1 2014 | Q4 2016 | 16 |
| GLP Park Wuzhong | Wuzhong B1 | Suzhou | 100% | Logistic Facility | 13,446 | Q4 2015 | Q4 2016 | 17 |
| GLP Park Wangting | Wangting II | Suzhou | 50% | Logistic Facility | 29,160 | Q1 2013 | Q3 2013 | 18 |
| GLP Park Wangting | Wangting III | Suzhou | 50% | Logistic Facility | 29,160 | Q1 2013 | Q3 2013 | 18 |
| GLP Park Dianshanhu | Dianshanhu | Suzhou | 100% | Logistic Facility | 52,488 | Q2 2011 | Q1 2012 | 19 |
| GLP Park Kunshan | Kunshan Land #1 | Suzhou | 90% | Logistic Facility | 22,634 | Q2 2011 | Q4 2011 | 20 |
| GLP Park Beilun | Beilun B3-B4 | Ningbo | 100% | Logistic Facility | 32,641 | Q3 2011 | Q3 2012 | 24 |
| GLP Park Hangzhou Bay | Hangzhou Bay Lot A I-B4 | Ningbo | 100% | Logistic Facility | 15,298 | Q3 2011 | Q3 2012 | 25 |
| GLP Park Hangzhou Bay | Hangzhou Bay Lot A II-B3 | Ningbo | 100% | Logistic Facility | 15,117 | Q3 2012 | Q3 2013 | 25 |
| GLP Park Hangzhou Bay | Hangzhou Bay Lot B I-B2 | Ningbo | 100% | Logistic Facility | 15,987 | Q3 2011 | Q3 2012 | 25 |
| GLP Park Hangzhou Bay | Hangzhou Bay Lot B II-B1 | Ningbo | 100% | Logistic Facility | 17,071 | Q3 2012 | Q3 2013 | 25 |
| GLP Park Xiuzhou[4] | Xiuzhou B1 | Jiaxing | 100% | Logistic Facility | 19,833 | Q4 2011 | Q4 2012 | 26 |
| GLP Park Xiuzhou[4] | Xiuzhou Land | Jiaxing | 100% | Logistic Facility | 39,666 | Q2 2012 | Q1 2013 | 26 |
| GLP Park Jiashan | Jiashan I | Jiaxing | 100% | Logistic Facility | 21,696 | Q3 2011 | Q3 2012 | 27 |
| GLP Park Jiashan | Jiashan II | Jiaxing | 100% | Logistic Facility | 47,385 | Q2 2013 | Q2 2014 | 27 |
| GLP Park Qianwan Port | Qianwan Port A1-A2 | Qingdao | 100% | Logistic Facility | 40,000 | Q4 2011 | Q3 2012 | 29 |
| GLP Park Qianwan Port | Qianwan Port A3-A4 | Qingdao | 100% | Logistic Facility | 75,000 | Q3 2012 | Q2 2013 | 29 |
| GLP Park Jiaonan | Jiaonan | Qingdao | 100% | Logistic Facility | 40,000 | Q1 2013 | Q1 2014 | 30 |
| GLP Park Qingdao Airport West | Qingdao Airport West B2 & B4 (Bonded) | Qingdao | 100% | Logistic Facility | 20,000 | Q2 2013 | Q1 2014 | 31 |
| GLP Park Qingdao Airport West | Qingdao Airport West B3 (Non-bonded) | Qingdao | 100% | Logistic Facility | 10,000 | Q2 2012 | Q1 2013 | 31 |
| GLP Park Beijing Airport | Beijing Airport B5 | Beijing | 100% | Logistic Facility | 29,660 | Q2 2011 | Q2 2012 | 32 |
| GLP Park Daxing | Daxing | Beijing | 70% | Logistic Facility | 94,972 | Q2 2011 | Q1 2012 | 34 |

| Logistics Park Name | Property Name | City | Effective Interest | Asset Type | GFA | Estimated Start Date[(1)] | Estimated Completion Date[(1)] | Reference Park No. in Appendix D-II |
|---|---|---|---|---|---|---|---|---|
| | | | (%) | | (sqm) | | | |
| GLP Park Dalian Port | Dalian Port W6 | Dalian | 60% | Logistic Facility | 22,559 | Q2 2011 | Q3 2012 | 36 |
| GLP Park Dalian Port | Dalian Port Lot 5 | Dalian | 60% | Logistic Facility | 126,053 | Q1 2013 | Q1 2014 | 36 |
| GLP Park Dalian Port | Dalian Port Lot 6 | Dalian | 60% | Logistic Facility | 100,705 | Q1 2014 | Q1 2015 | 36 |
| GLP Park SEDA | SEDA II B2-B3 | Shenyang | 60% | Logistic Facility | 37,265 | Q2 2011 | Q3 2012 | 38 |
| GLP Park TEDA | TEDA IV | Tianjin | 80% | Logistic Facility | 25,626 | Q3 2011 | Q2 2012 | 39 |
| GLP Park Xiqing | Xiqing II | Tianjin | 100% | Logistic Facility | 32,094 | Q2 2011 | Q1 2012 | 41 |
| GLP Park Shunde | Shunde II | Foshan | 100% | Logistic Facility | 48,420 | Q4 2011 | Q2 2012 | 43 |
| GLP Park Longgang | Longgang II | Shenzhen | 51% | Logistic Facility | 78,000 | Q1 2012 | Q3 2012 | 48 |
| GLP Park Yantian | Yantian II | Shenzhen | 50% | Logistic Facility | 42,390 | Q4 2011 | Q4 2012 | 49 |
| GLP Park Zhuhai | Zhuhai I | Zhuhai | 70% | Logistic Facility | 13,230 | Q4 2011 | Q3 2012 | 51 |
| GLP Park Zhuhai | Zhuhai II | Zhuhai | 70% | Logistic Facility | 26,460 | Q3 2012 | Q2 2013 | 51 |
| GLP Park Zhuhai | Zhuhai III | Zhuhai | 70% | Logistic Facility | 157,653 | Q1 2014 | Q4 2016 | 51 |
| **Total** | | | | | **2,213,968** | | | |

### *Land Reserve*[(5)]

| Logistics Park Name | Property Name | City | Effective Interest | Asset Type | GFA | Estimated Start Date[(1)] | Estimated Completion Date[(1)] | Reference Park No. in Appendix D-III |
|---|---|---|---|---|---|---|---|---|
| | | | (%) | | (sqm) | | | |
| GLP Park Songjiang | Songjiang III-A | Shanghai | 100% | Logistic Facility | 52,207 | Q1 2012 | Q1 2013 | 1 |
| GLP Park Songjiang | Songjiang III-B | Shanghai | 100% | Logistic Facility | 67,521 | Q1 2012 | Q1 2013 | 1 |
| GLP Park Songjiang | Songjiang IV | Shanghai | 100% | Logistic Facility | 133,334 | Q2 2013 | Q2 2014 | 1 |
| GLP Park Pudong Airport | Pudong Airport | Shanghai | 100% | Logistic Facility | 86,579 | Q2 2011 | Q2 2012 | 2 |
| GLP Park Lingang[(6)] | Lingang Lot G | Shanghai | 50% | Logistic Facility | 80,674 | Q1 2013 | Q2 2014 | 3 |
| GLP Park Wujing | Wujing | Shanghai | 90% | Logistic Facility | 36,408 | Q3 2011 | Q2 2012 | 4 |
| GLP Park Minbei[(7)] | Minbei | Shanghai | 100% | Logistic Facility | 22,109 | Q3 2011 | Q3 2011 | 5 |
| GLP Park Zhuqiao | Zhuqiao I | Shanghai | 70% | Logistic Facility | 100,000 | Q2 2013 | Q3 2014 | 6 |
| GLP Park Fengxian | Fengxian I | Shanghai | 50% | Logistic Facility | 133,333 | Q3 2013 | Q2 2015 | 7 |
| GLP Park Kunshan[(8)] | Kunshan Land #2 | Suzhou | 90% | Logistic Facility | 1,654 | Q2 2011 | Q4 2011 | 8 |
| GLP Park Qiandeng[(9)] | Qiandeng I | Suzhou | 100% | Logistic Facility | 41,076 | Q1 2012 | Q1 2013 | 9 |
| GLP Park Qiandeng[(9)] | Qiandeng II | Suzhou | 100% | Logistic Facility | 44,712 | Q4 2012 | Q4 2013 | 9 |
| GLP Park Qiandeng | Qiandeng III | Suzhou | 100% | Logistic Facility | 112,776 | Q4 2013 | Q4 2014 | 9 |
| GLP Park Beilun | Beilun Land #2 (Container Yard) | Ningbo | 100% | Container Yard | 53,334 | Q1 2012 | Q3 2012 | 10 |
| GLP Park Huamao[(7)] | Huamao | Nanjing | 100% | Logistic Facility | 57,797 | Q1 2012 | Q1 2012 | 11 |
| GLP Park Zhongshan | Zhongshan I | Zhongshan | 100% | Logistic Facility | 22,570 | Q3 2011 | Q1 2012 | 12 |
| GLP Park Zhongshan | Zhongshan II | Zhongshan | 100% | Logistic Facility | 83,375 | Q1 2012 | Q3 2012 | 12 |
| GLP Park Zhongshan | Zhongshan III | Zhongshan | 100% | Logistic Facility | 83,375 | Q2 2013 | Q4 2013 | 12 |
| GLP Park Sanshui | Sanshui I | Foshan | 100% | Logistic Facility | 70,000 | Q1 2012 | Q4 2012 | 13 |
| GLP Park Sanshui | Sanshui II | Foshan | 100% | Logistic Facility | 80,000 | Q4 2012 | Q3 2013 | 13 |
| GLP Park Sanshui | Sanshui III | Foshan | 100% | Logistic Facility | 80,000 | Q3 2013 | Q2 2014 | 13 |
| GLP Park Hunnan | Hunnan | Shenyang | 100% | Logistic Facility | 44,762 | Q4 2011 | Q4 2012 | 14 |
| GLP Park Langfang | Langfang I-A | Langfang | 100% | Logistic Facility | 45,856 | Q4 2011 | Q3 2012 | 15 |
| GLP Park Langfang | Langfang I-B | Langfang | 100% | Logistic Facility | 45,856 | Q3 2012 | Q2 2013 | 15 |
| GLP Park Langfang | Langfang II | Langfang | 100% | Logistic Facility | 91,713 | Q3 2012 | Q2 2013 | 15 |
| GLP Park Langfang | Langfang III | Langfang | 100% | Logistic Facility | 91,713 | Q4 2012 | Q3 2013 | 15 |
| GLP Park Langfang | Langfang IV | Langfang | 100% | Logistic Facility | 91,713 | Q4 2013 | Q3 2014 | 15 |
| GLP Park Langfang | Langfang V | Langfang | 100% | Logistic Facility | 91,713 | Q4 2013 | Q3 2014 | 15 |

| Logistics Park Name | Property Name | City | Effective Interest | Asset Type | GFA | Estimated Start Date(1) | Estimated Completion Date(1) | Reference Park No. in Appendix D-III |
|---|---|---|---|---|---|---|---|---|
| | | | (%) | | (sqm) | | | |
| GLP Park THIP | THIP I | Tianjin | 100% | Logistic Facility | 27,000 | Q2 2012 | Q2 2013 | 16 |
| GLP Park THIP | THIP (Container Yard) | Tianjin | 100% | Container Yard | 34,000 | Q2 2012 | Q4 2012 | 16 |
| GLP Park THIP | THIP II | Tianjin | 100% | Logistic Facility | 55,000 | Q4 2012 | Q3 2013 | 16 |
| GLP Park THIP | THIP III | Tianjin | 100% | Logistic Facility | 55,000 | Q2 2013 | Q2 2014 | 16 |
| GLP Park JNEDZ | JNEDZ I | Nanjing | 100% | Logistic Facility | 33,333 | Q2 2012 | Q1 2013 | 17 |
| GLP Park JNEDZ | JNEDZ II | Nanjing | 100% | Logistic Facility | 50,000 | Q4 2013 | Q3 2014 | 17 |
| GLP Park Dongli | Dongli I | Tianjin | 100% | Logistic Facility | 34,488 | Q3 2012 | Q3 2013 | 18 |
| GLP Park Dongli | Dongli II | Tianjin | 100% | Logistic Facility | 34,488 | Q1 2013 | Q4 2013 | 18 |
| GLP Park Dongli | Dongli III | Tianjin | 100% | Logistic Facility | 51,732 | Q3 2013 | Q3 2014 | 18 |
| GLP Park Jiangning | Jiangning A3 | Nanjing | 100% | Logistic Facility | 23,436 | Q3 2011 | Q1 2012 | 19 |
| GLP Park Jiangning | Jiangning A4-A5 | Nanjing | 100% | Logistic Facility | 48,073 | Q3 2012 | Q2 2013 | 19 |
| GLP Park Jiangning | Jiangning A6 | Nanjing | 100% | Logistic Facility | 24,037 | Q2 2013 | Q4 2013 | 19 |
| GLP Park Yantian | Yantian III | Shenzhen | 50% | Logistic Facility | 34,711 | Q2 2012 | Q2 2013 | 20 |
| GLP Park Yantian | Yantian IV | Shenzhen | 50% | Logistic Facility | 86,338 | Q1 2013 | Q1 2014 | 20 |
| **Total up to March 31, 2013** | | | | | **2,537,794** | | | |
| **Total from April 1, 2013 onwards** | | | | | **2,107,632** | | | |
| **Total** | | | | | **4,645,426** | | | |

Notes:

(1) Fiscal quarters.

(2) Supplementary land grant contracts were subsequently signed whereby part of Chongqing II with the valuation of US$2.9 million as at June 30, 2010 is to be returned to the relevant PRC governmental authority and another property with an estimated value of US$0.03 million is to be acquired by us respectively.

(3) Existing buildings on site currently used for research and development and staff quarters occupy 43,415 sq.m. of the 154,555 sq.m. of land held for future development. We have been notified by the relevant PRC governmental authority that the property has been put into a re-zoning plan and we have agreed to the re-zoning in principle. Upon agreement of a mutually acceptable compensation price, we are obliged to return the property to the relevant PRC governmental authority. We have to go through a public bidding process should we wish to acquire the re-zoned property.

(4) We subsequently signed a land swap agreement with the relevant PRC governmental authority. According to the land swap agreement, we shall return the property to the relevant PRC governmental authority, whereupon it shall return to us the land premium paid by us originally. In turn, the PRC government authority shall agree to grant the land use rights of another property acceptable to us, and such grant to us shall be subject to public auction.

(5) Only includes development projects that are expected to commence before March 31, 2013. We expect to commence development on the remaining 2,107,632 sqm after March 31, 2013.

(6) A land grant contract was subsequently signed with regard to Lingang Lot G.

(7) Property acquisition.

(8) We are in the process of signing a formal land grant contract regarding Kunshan Land #2 with the relevant PRC governmental authority.

(9) We are in the process of bidding for a land grant regarding part of Qiandeng I and Qiandeng II with the relevant PRC governmental authority and are targeting to sign the land grant contract soon.

### *Title*

Except as otherwise disclosed in “Risk Factors—Risks Relating to Our Operations in China—We may not have obtained all the land use rights certificates and building ownership certificates for certain of our facilities, and one of our properties is subject to a land tender process” and “The PRC government may require us to forfeit our land use rights or penalize us if we were to fail to comply with the terms of land grant contracts”, we hold substantially all of our properties in China under long-term land use rights granted by the Chinese government that convey the right to derive profit from and dispose of the property and the land use rights. See “Appendix B—Regulation”.

### *Leases*

Due to the growth that we anticipate in the Chinese logistics facilities market, we generally prefer leases with shorter terms in China than we would in other, more developed markets. Leases typically have one- to 10-year terms, with a weighted average original term for all of our completed facilities of 4.6 years. Approximately 32.2% of our leases in China have a term of one to three years, approximately 24.1% have a term of three to five years and approximately 30.2% a term of five to 10 years and approximately 2.2% a term of more than 10 years, while approximately 11.2% are short-term (i.e., less than one year) or seasonal leases. Leases under build-to-suit arrangements generally have longer terms, and include a rental premium for the specific customization requested by the customer. As of June 30, 2010, the remaining weighted average lease term of our properties in China was approximately three years. All of the lease payments for the properties in the China Portfolio are denominated in Renminbi.

**The Japan Portfolio**

The Japan Portfolio positions us well to maintain our leadership in a market that increasingly demands modern facilities built to satisfy customers' requirements, which we believe are currently still in short supply. While modern leased facilities with GFA of more than 10,000 sq. m. account for approximately 2% of all logistics facilities in Japan, the Japan Portfolio includes only one facility that has a GFA of less than 10,000 sq. m. The end-users serviced by our customers operate in well-diversified industries, and our network of facilities in Japan covers the greater metropolitan areas of all major Japanese cities, including the three major regions of Kanto (which includes Tokyo), Kansai (which includes Osaka) and Chubu (which includes Nagoya).

As of June 30, 2010, the WALE of our completed facilities in Japan was 6.6 years.

The Japan Portfolio has grown by a CAGR of 42.9% from fiscal year ended March 31, 2005 to fiscal year ended March 31, 2010, mainly due to our customers' increasingly outsourcing their logistics requirements and their need for modern logistics facilities.

Most of the facilities in the Japan Portfolio offer at least some of the following features, which we believe help to differentiate our product offering and have allowed us to maintain our leading market position:

- multi-story facilities with convenient loading docks and double-spiral ramps, permitting direct truck access to each floor;
- large floor plates, wide column spacing and high ceilings ideal for customers looking for supply chain consolidation;
- environmentally friendly and energy-saving features such as large landscaping and use of energy-efficient materials; and
- additional features such as seismic isolators, 24-hour security/surveillance and on-site restaurants/cafeterias, which are increasingly valued by design- and safety-conscious customers.

We review our product designs frequently, and undertake continuous improvements to improve efficiency for our customers.

**Selected properties our team has developed in Japan**

**GLP Tokyo**

**GLP Osaka**

**GLP Yokohama**

**Selected features of properties in the Japan portfolio**

**Direct ramp access**

**Seismic isolators**

**24-hour security**

**Restaurant**

The following table summarizes certain operational statistics for our completed and stabilized logistics properties in Japan as of or for the fiscal years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010.

| | As of or for the Year/Three-month Period Ended | | | |
|---|---|---|---|---|
| | March 31, | | | June 30, |
| **Operating Portfolio** | **2008** | **2009** | **2010** | **2010** |
| Total GFA (sq. m.) | 2,382,203 | 2,755,915 | 2,796,918 | 2,796,918 |
| Lease Ratio[1] | 99.5% | 99.1% | 98.6% | 98.7% |
| Average Lease Ratio[1] | 99.4% | 99.5% | 98.6% | 98.7% |
| Weighted average lease terms (years): | | | | |
| Original | 10.4 | 10.3 | 10.3 | 10.3 |
| Remaining | 8.4 | 7.5 | 6.8 | 6.6 |
| Weighted average contracted rental rate (¥/sq. m./month) | 1,088 | 1,080 | 1,085 | 1,085 |

Note:

(1) Stabilized properties only.

The following table summarizes the completed properties in the Japan Portfolio by city as of June 30, 2010.

| | As of June 30, 2010 | | | | |
|---|---|---|---|---|---|
| **Japanese City**[1] | **Number of Properties** | **GFA** *(sq. m.)* | **Percentage of Total Portfolio** *(%)* | **Property Valuation**[2] *(millions of Yen)* | **Lease Ratio** *(%)* |
| Tokyo | 32 | 1,532,349 | 54.8 | 324,130 | 98.3 |
| Osaka | 18 | 790,590 | 28.3 | 126,780 | 100.0 |
| Sendai | 7 | 162,913 | 5.8 | 20,670 | 94.2 |
| Fukuoka | 5 | 140,249 | 5.0 | 17,470 | 100.0 |
| Nagoya | 3 | 101,984 | 3.6 | 17,520 | 100.0 |
| Hiroshima | 3 | 52,798 | 1.9 | 7,530 | 98.7 |
| Sapporo | 1 | 16,034 | 0.6 | 1,600 | 100.0 |
| **Total Operating Portfolio** | **69** | **2,796,918** | **100.0** | **515,700** | **98.7** |

Notes:

(1) "Tokyo" includes cities located in Kanto region; "Osaka" includes cities located in Kansai region; "Sendai" includes cities located in Tohoku region; "Fukuoka" includes cities located in Kyushu region; "Nagoya" includes cities located in Chubu region; "Hiroshima" includes cities located in Chugoku region; "Sapporo" includes cities located in Hokkaido region.

(2) As determined by CBRE PL. For more information on the basis of the valuation, see "Notice to Investors—Valuations, Property Values and Gross Floor Area".

The following table summarizes the completed properties in Japan by GFA as of June 30, 2010.

| | As of June 30, 2010 | | | | |
|---|---|---|---|---|---|
| | **Number of Properties** | **GFA** | **Percentage of Total Operating Portfolio** | **Property Valuation(1)** | **Lease Ratio** |
| **GFA** | | *(sq. m.)* | *(%)* | *(millions of Yen)* | *(%)* |
| ≥ 100,000 sq. m | 6 | 748,943 | 26.8 | 143,850 | 99.9 |
| ≥ 50,000 sq. m. < 100,000 sq. m | 11 | 741,893 | 26.5 | 139,970 | 99.4 |
| ≥ 30,000 sq. m. < 50,000 sq. m | 17 | 654,482 | 23.4 | 124,980 | 95.6 |
| ≥ 10,000 sq. m. < 30,000 sq. m | 34 | 642,195 | 23.0 | 105,440 | 99.9 |
| < 10,000 sq. m | 1 | 9,404 | 0.3 | 1,460 | 100.0 |
| **Total Operating Portfolio** | **69** | **2,796,918** | **100.0** | **515,700** | **98.7** |

Note:

(1) As determined by CBRE PL. For more information on the basis of the valuation, see " Notice to Investors—Valuations, Property Values and Gross Floor Area".

The following table summarizes the Japan Portfolio of completed properties as of June 30, 2010 by building age.

| | As of June 30, 2010 | | | | |
|---|---|---|---|---|---|
| | **Number of Properties** | **GFA** | **Percentage of Total Operating Portfolio** | **Property Valuation(1)** | **Lease Ratio** |
| **Building age** | | *(sq. m.)* | *(%)* | *(millions of Yen)* | *(%)* |
| < 5 years | 21 | 1,146,334 | 41.0 | 211,980 | 99.9 |
| ≥ 5 < 10 years | 14 | 721,835 | 25.8 | 146,940 | 99.3 |
| ≥ 10 < 20 years | 10 | 319,250 | 11.4 | 44,960 | 97.1 |
| ≥ 20 < 30 years | 17 | 463,753 | 16.6 | 91,520 | 95.9 |
| ≥ 30 years | 7 | 145,746 | 5.2 | 20,300 | 100.0 |
| **Total Portfolio** | **69** | **2,796,918** | **100.0** | **515,700** | **98.7** |

Note:

(1) As determined by CBRE PL. For more information on the basis of the valuation, see "Notice to Investors—Valuations, Property Values and Gross Floor Area".

### *Title*

We hold all 69 of our properties in Japan under freehold or trust beneficiary arrangements. These arrangements are described in more detail in "Appendix B—Regulation".

### *Leases*

Leases for the properties in the Japan Portfolio typically run for a fixed term of five years for multi-tenant facilities and for 10 years or more for build-to-suit arrangements. The weighted average lease term of our leases for the properties in the Japan Portfolio is 10.3 years, based on net leasable area. Approximately 2.9% of our leases have a term of up to three years, 3.5% have a term of three to five years and 27.1% a term of five to 10 years, while approximately 66.5% are

10 years or longer. Some of our leases contain provisions for rental adjustments every three years based on the corresponding change in the consumer price index. As of June 30, 2010, the WALE of the properties in the Japan Portfolio was 6.6 years. All of the lease payments for the properties in the Japan Portfolio are denominated in Japanese Yen.

## CUSTOMERS

We lease our facilities to a wide range of mid-sized and large multi-national and domestic Chinese and Japanese customers who need logistics and distribution facilities, including third-party logistics providers, retailers, manufacturers, importers/exporters and others. We seek to be a partner and a "one-stop shop" for our customers, so that they will need only one point of contact to design and build a multi-market distribution network throughout China or Japan. We generate most of our revenue from multi-national customers. However, the number of our domestic customers in China has increased rapidly, as Chinese consumption has increased.

### China

As of June 30, 2010, approximately 80% by leased area of our logistics facilities in China catered to domestic demand, and we expect that domestic consumption will be the primary driver of growth for our Chinese operations. In recent years we have focused increasingly on the domestic customer market (in particular domestic 3PLs) in order to track the growing domestic consumption market, which is, and we believe will continue to be, an increasing driver of economic growth in China. Approximately 48% (by leased area) of our customers in China are 3PLs, while another 37.0% are manufacturers and 14.0% are retailers. These customers serve end-users in a large variety of industries, including electronics, fast-moving consumer goods, retail and autos and auto parts.

The following table summarizes key data for our top 10 customers in China (ranked by the percentage of rental income in China for our fiscal year ended March 31, 2010), as at or for our fiscal years ended March 31, 2008, 2009 and 2010.

| | | | As at or for the fiscal year ended March 31, | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2008 | | 2009 | | 2010 | |
| Name | Scope of business | Industry | Number of Leases | Percent of total | Number of Leases | Percent of total | Number of Leases | Percent of total |
| Nice Talent | Domestic | 3PL | 5 | 3.0% | 6 | 6.1% | 6 | 5.6% |
| Schenker | International | 3PL | 3 | 0.8% | 5 | 6.1% | 5 | 3.6% |
| Yum! | International | F&B[1] | 3 | 5.5% | 4 | 4.5% | 5 | 3.4% |
| PGL | Domestic | 3PL | 5 | 8.1% | 5 | 4.8% | 6 | 3.3% |
| Adidas | International | Manufacturer | 2 | 6.8% | 2 | 4.2% | 2 | 2.8% |
| Wal-Mart China | International | Retailer | 1 | 6.6% | 1 | 3.2% | 1 | 2.2% |
| Black & Decker | International | Manufacturer | 1 | 0.7% | 3 | 1.1% | 3 | 2.2% |
| Samsung | International | Manufacturer | 8 | 4.6% | 7 | 2.6% | 10 | 2.2% |
| Toll | International | 3PL | 2 | 4.0% | 2 | 2.5% | 2 | 1.9% |
| DHL | International | 3PL | 3 | 3.2% | 3 | 2.1% | 7 | 1.9% |

(1) Food and beverage.

### Japan

Our customers in Japan comprise primarily of large Japanese companies that operate across a wide variety of industries, as well as other multi-national companies. Approximately 74% (by leased area) of our customers in Japan are 3PLs, while another 12.0% are retailers and 10.0% are manufacturers. These customers serve end-users in a large variety of industries, including home electronics, internet and mail order, cosmetics, pharmaceuticals, toiletries and others.

The following table summarizes key data for our top 10 customers in Japan (ranked by the percentage of rental income in Japan for our fiscal year ended March 31, 2010), as at or for our fiscal years ended March 31, 2008, 2009 and 2010.

| | | | As at or for the Fiscal Year Ended March 31, | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2008 | | 2009 | | 2010 | |
| Name | Scope of Business | Industry | Number of Leases | Percent of Total | Number of Leases | Percent of Total | Number of Leases | Percent of Total |
| Panasonic Logistics | International | 3PL | 17 | 20.3% | 16 | 17.4% | 15 | 16.2% |
| Hitachi Transport System[(1)] | International | 3PL | 13 | 10.8% | 15 | 10.9% | 13 | 10.3% |
| Nippon Express | International | 3PL | 9 | 7.7% | 10 | 8.2% | 10 | 8.4% |
| Askul | International | Retailer | 3 | 6.0% | 3 | 5.3% | 3 | 5.2% |
| Yamato Logistics | International | 3PL | 5 | 3.7% | 5 | 3.2% | 6 | 5.0% |
| Sanyo Electric Logistics | International | 3PL | 4 | 4.4% | 4 | 3.9% | 4 | 3.8% |
| Shinkai Transport Systems | Domestic | 3PL | 4 | 4.1% | 5 | 3.6% | 5 | 3.5% |
| Senko | International | 3PL | 2 | 3.2% | 3 | 3.2% | 3 | 3.1% |
| Renown | Domestic | Manufacturer | 1 | 3.2% | 1 | 2.8% | 1 | 2.8% |
| Seiyu | Domestic | Retailer | 1 | 2.8% | 1 | 2.5% | 1 | 2.4% |

Note:
(1) includes affiliates

## INSURANCE

We believe that we have insured our properties and facilities in accordance with industry practice in China and Japan, respectively. We believe that our insurance coverage in China and Japan is commercially reasonable and appropriate for a logistics facility company operating in those markets. Notwithstanding our insurance coverage, damage to our facilities, equipment, machinery or buildings could have a material adverse effect on our financial condition and results of operations, to the extent that this disrupts the normal operation of our properties or our businesses. See "Risk Factors—Our insurance coverage does not include all potential losses".

### China

Our insurance policies in China cover loss of rental, fire, flood, malicious damage, other material damage to property and development sites, business interruption and public liability (including third parties' property damage and/or personal injury). We also maintain other insurance policies for our employees in accordance with applicable laws and regulations, including workmen's compensation and personal accident insurance, as well as group hospitalization insurance. There are certain types of risks that are not covered by these insurance policies, including acts of war, environmental damage and breaches of environmental laws and regulations.

### Japan

Our insurance policies in Japan cover damage to facilities and business interruption caused by fire, windstorm, electrical breakdown, earthquake, public liability (including personal injury), corporate asset insurance and movables insurance. We also maintain other insurance policies for our employees in accordance with applicable laws and regulations, including life insurance, personal liability, health, accidental death and long-term disability. There are certain types of risks that are not covered by these insurance policies, including acts of war, environmental damage and breaches of environmental laws and regulations.

## COMPETITION

While we are one of the largest providers of modern logistics facilities in each of China and Japan by floor area, we face competition from other large domestic and, to a lesser extent, international owners and operators of other logistics facilities and, within any specific individual market, also from smaller, local players. We compete with other providers for locations and sites for future logistics facilities. In China, potential customers may also compare our products, services and rents to those of large state-owned logistics facilities providers. While we believe that those providers generally do not provide modern facilities, potential customers may choose these providers over us on the basis of rent if they do not need the modern specifications offered by our facilities.

We believe that, in choosing a provider of logistics facilities, our customers focus primarily on the size of a provider's network and on the quality of the service provided. Lease rates are generally determined by the market. We believe that the size of our network and our focus on customer service and on assisting our customers in establishing and maintaining their logistics networks allow us to compete favorably with many of our competitors. For more information see "Appendix A—Industry Overview".

## EMPLOYEES

The following tables summarize the number of our employees by location and function as at March 31, 2008, 2009 and 2010 and June 30, 2010:

### Employees by Geographical Location

| | As of March 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| China | 261 | 269 | 266 | 272 |
| Japan | 0[1] | 2 | 46 | 48 |
| Singapore/Other | 1 | 2 | 3 | 3 |
| **Total** | **262** | **273** | **315** | **323** |

Note:

(1) For more information on our history, see "History and Corporate Reorganization".

### Employees by Function

| | As of March 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2010 |
| Investment/Divestment | 30 | 28 | 35 | 39 |
| Project Development Management | 76 | 65 | 65 | 66 |
| Leasing/Marketing | 42 | 47 | 56 | 55 |
| Asset/Property Management | 21 | 28 | 38 | 41 |
| Finance/Accounting | 46 | 56 | 63 | 61 |
| General Management/Administration | 48 | 50 | 59 | 62 |
| **SUB-TOTAL** | **262** | **273** | **315** | **323** |

We do not employ a significant number of temporary employees.

None of our employees in China or Japan is a member of a labor union. We have not experienced any strikes or disruptions to our operations due to labor disputes. We believe our relationships with our employees are good.

## LEGAL PROCEEDINGS

From time to time we, our subsidiaries and joint ventures are party to litigation, arbitration or administrative proceedings. However, we are not and have not been, and none of our subsidiaries or joint ventures is or has been, a party to any litigation, arbitration or administrative proceedings during the 12 months immediately preceding the date of lodgment of this offering document that we believe would, individually or taken as a whole, have a material adverse effect on our business, financial condition or results of operations, and, in so far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

## ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

Our operations are subject to regulatory requirements and potential liabilities arising under applicable environmental, health or safety-related laws and regulations in each of the countries in which we have operations.

We believe that we are in compliance in all material respects with applicable environmental regulations in China and Japan. To date, no material environmental, health or safety-related incident involving us or any of our subsidiaries has occurred. We are not aware of any material environmental, health or safety-related proceedings or investigations to which we might become a party. As we do not undertake construction work for our development projects and asset enhancement initiatives ourselves, the responsibility for ensuring the health or safety of workmen at our development project or asset enhancement worksites generally rests with the contractors we appoint.

## MARKETING ACTIVITIES

We engage in various marketing initiatives in order to attract new customers and expand our market recognition. In Japan most of our leasing contracts are procured by our in-house leasing team, which deals directly with customers and potential customers. In China we are increasingly relying to a large extent on professional brokers to procure customers. In China we also leverage our relationships with some of our leading customers by undertaking co-branded advertisement campaigns. Co-branded advertising allows us to capitalize on the positive experiences of our customers, utilizing the numerous testimonials and feedback we have received for marketing purposes. We also engage in traditional “banner” advertising and publish a periodic electronic newsletter targeted at existing and prospective customers and market our facilities through our website. We endeavor to increase our brand exposure through event-specific media coverage and media briefings, such as signing ceremonies related to the establishment of strategic relationships, and the sponsorship of events such as athletic tournaments for trade associations and other groups whose membership is comprised of our target customers. On occasion we join with brokers to organize “open house” events at some of our facilities, and we regularly attend large conventions and trade shows and conduct customer events, such as the seminar in Tokyo for Japanese customers seeking logistics facilities in China.

## INFORMATION TECHNOLOGY

The Company leverages the latest information technology to support sustainable and efficient daily operations. Oracle JD Edwards EnterpriseOne has been adopted as our core enterprise resource planning application to capture, in an integrated approach, business activities such as project cost management, real estate management, expense management and financial management. CRM on Demand is a top customer relationship management system we have adopted which helps the leasing team to manage their pre-lease activities and gain instant access to space availability. From a people resources perspective, the Company uses the Platinum HRM system which offers comprehensive human resource management functionality.

## INTELLECTUAL PROPERTY

We have applied to register the trademarks “Global Logistic Properties” and its accompanying design (“GLP Trademark A”) and the GLP logo (“GLP Trademark B”) in various jurisdictions including China, Japan, the European Union, Canada and the United States. We have also applied to register the trademark “GLP” and its accompanying design (“GLP Trademark C”) in Canada. Our trademark portfolio includes pending applications as well as registrations.

In China, all applications have been allowed by the Chinese Trademark Office, excluding trademark applications for GLP Trademark A in Class 36, 37, 39, and 42, which are still under consideration by the Chinese Trademark Office. The trademark applications that have been allowed in China may mature to registration in late 2010 or early 2011, barring any third-party objections.

As part of the 2009 Acquisition, we acquired the "普洛斯" trademark from ProLogis (including 4 classes registered trademarks and an additional application in class 35 in China). We will proceed to register the "普洛斯" trademark pending the outcome of an appeal in respect of our additional application in class 35. For further information regarding the risks associated with the registration status of our intellectual property, see "Risk Factors—Risks Relating to Our Operations in China—We may be unable to register certain of our trademarks in China".

## RESEARCH AND DEVELOPMENT

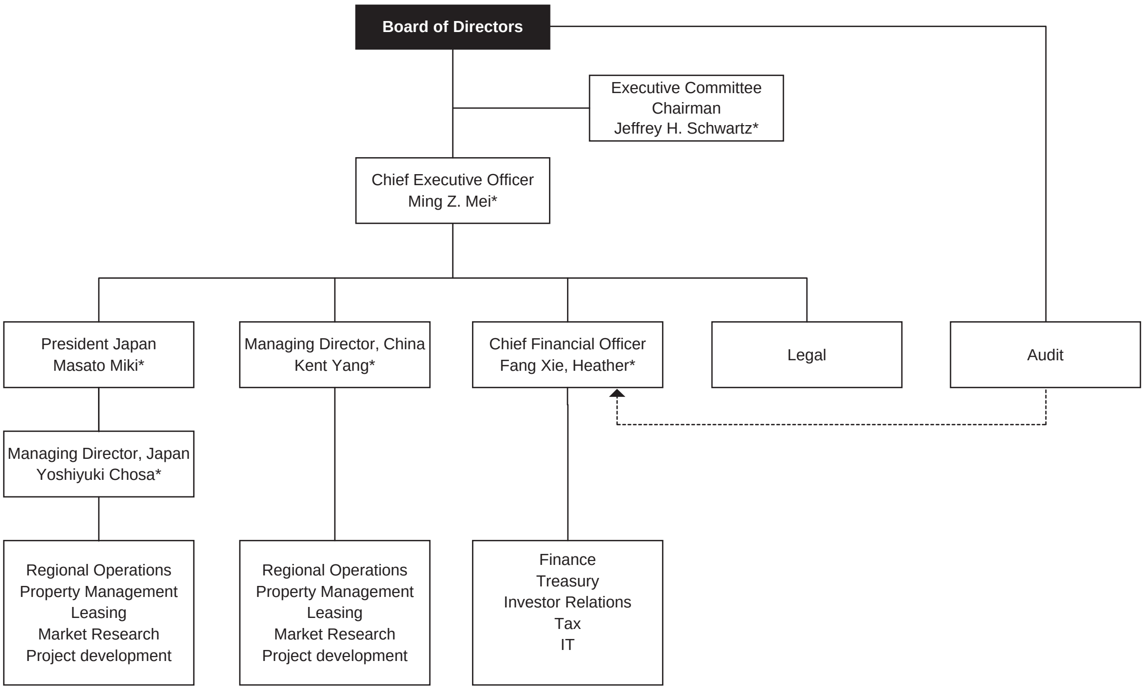
The nature of our business does not require us to carry out research and development, and we have not carried out any significant research and development for the past three fiscal years.

## OUR LEASES

Our offices in Tianjin and Shanghai (both in China) and Tokyo, Japan are leased from associates of Recosia China with the rest being leased from third parties. As of the date of this offering document, we (including our joint ventures and subsidiaries) do not have any material leases.

# MANAGEMENT

## Management structure




Notes:
* denotes member of the Executive Committee

## DIRECTORS

Our Board of Directors is entrusted with the responsibility for our overall management and direction.

The following table sets forth information regarding our Directors.

| Name | Age | Address | Occupation | Date of Appointment as Director |
|---|---|---|---|---|
| Ang Kong Hua . . . . . . | 66 | 50 Raffles Place<br>#32-01<br>Singapore Land Tower<br>Singapore 048623 | Chairman | September 24, 2010 |
| Jeffrey H. Schwartz . . . | 51 | 50 Raffles Place<br>#32-01<br>Singapore Land Tower<br>Singapore 048623 | Deputy Chairman, Global Logistic Properties Limited | September 24, 2010 |
| Ming Z. Mei . . . . . . . . | 38 | 2708, Azia Center<br>1233 Lujiazui Ring Road<br>Pudong, Shanghai 200121<br>China | Chief Executive Officer, Global Logistic Properties Limited | September 24, 2010 |
| Dr. Seek Ngee Huat . . . | 60 | 168 Robinson Road<br>#37-01<br>Capital Tower<br>Singapore 068912 | President, GIC Real Estate | September 24, 2010 |
| Lim Swe Guan (*alternate director to Dr. Seek Ngee Huat*). . . | 56 | 168 Robinson Road<br>#37-01<br>Capital Tower<br>Singapore 068912 | Managing Director, GIC Real Estate | September 24, 2010 |

| Name | Age | Address | Occupation | Date of Appointment as Director |
|---|---|---|---|---|
| Tham Kui Seng . . . . . . | 52 | 50 Raffles Place<br>#32-01<br>Singapore Land Tower<br>Singapore 048623 | Company Director | September 24, 2010 |
| Wei Benhua. . . . . . . . . | 63 | Room 504, Huarong Plaza,<br>No. 18 Fucheng Road,<br>Haidian District Beijing,<br>100037, PRC | Company Director | September 24, 2010 |
| Yoichiro Furuse . . . . . . | 68 | 3-8-3-403 Ichigaya<br>Sadoharacho Shinjuku-<br>ku, Tokyo Japan | Company Director | September 24, 2010 |
| Steven Lim Kok Hoong. . . . . . . . . . . | 63 | 50 Raffles Place<br>#32-01<br>Singapore Land Tower<br>Singapore 048623 | Company Director | September 24, 2010 |
| Dr. Dipak Jain . . . . . . . | 53 | 2001 Sheridan Road<br>Evanston, Ilinois 60208<br>United States of America | Professor, Kellogg School of Management, Northwestern University | September 24, 2010 |
| Paul Cheng Ming Fun. . . . . . . . . . . . . | 73 | 1101 St. George's Building<br>2 Ice House Street, Central<br>Hong Kong | Company Director | September 24, 2010 |

Jeffrey H. Schwartz and Ming Z. Mei each owns 50% of the voting ordinary share capital of SMG, which will acquire 6.8% of our issued share capital following the Share Split and the issuance of the Reorganization Shares. SMG is controlled by Jeffrey H. Schwartz (as to 50% of its voting share capital) and Ming Z. Mei (as to the remaining 50% of its voting share capital). Save for the foregoing, none of our Directors are related to each other or to our Executive Officers or substantial shareholders of our Company.

## Experience of our Board of Directors

Information on the key business and working experience of our Directors is set out below:

Ang Kong Hua is our Independent Chairman. Following stints at the Economic Development Board from 1966 to 1967 and DBS Bank from 1968 to 1974, Mr. Ang spent 28 years as CEO of NSL Ltd (formerly NatSteel Ltd). Mr. Ang retired as CEO from NSL Ltd in 2003. Mr. Ang currently serves as the Chairman of Sembcorp Industries Ltd, an industrial conglomerate listed on the Singapore Exchange. His other appointments include Executive Director of NSL Ltd, Director of GIC, Director of the GIC Special Investments Private Limited ("GIC SI"), Director of DBS Group Holdings Limited and Director of DBS Bank Ltd. Mr. Ang's appointments in the past included directorship at CIMC Raffles Offshore (Singapore) Limited and k1 Ventures Limited and vice-chairmanship at Neptune Orient Lines Ltd. Mr. Ang graduated from the University of Hull, UK, with a Bachelor of Science (Economics) Upper II Honours degree in 1966.

Jeffrey H. Schwartz is our Deputy Chairman of the Board, Chairman of the Executive Committee and Executive Director, and the co-founder of GLPH. Mr. Schwartz joined ProLogis, a NYSE-listed Fortune 500 company, in 1994, and held various executive roles, rising to Chief Executive Officer in 2005 as well as Chairman of the Board in 2007. While at ProLogis, Mr. Schwartz spearheaded ProLogis' entry into the European markets in 1997, and also established ProLogis' Asia platform in 2002, initially in Japan and eventually progressing to China and Korea. Mr. Schwartz has served on the advisory boards of the Guanghua School of

Management, Peking University and Fundacao Dom Cabral, Brazil. He is a member of the Board of Trustees of Emory University and a Treasurer of the Real Estate Roundtable, a non-profit public policy organization. Mr. Schwartz graduated from Harvard Business School in 1985 with a Master of Business Administration. Mr. Schwartz graduated from Emory University in 1981 with a Bachelor of Business Administration.

Ming Z. Mei is our Chief Executive Officer and Executive Director, and the co-founder of GLPH. He was formerly the Chief Executive Officer of ProLogis for China and Asian Emerging Markets. He opened ProLogis' first China office in 2003 and built up our China operations to their current scale. Prior to joining ProLogis, Mr. Mei was with Owens Corning, a world leading construction materials manufacturer, where he held various key roles in finance, manufacturing, sales, marketing and strategic planning and general management. Mr. Mei graduated from J.L. Kellogg School of Management at Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology with a Master of Business Administration in 2002. He received his Bachelor of Science in Business from Indiana University School of Business in 1996.

Dr. Seek Ngee Huat is our Non-Executive Director. He is President of GIC Real Estate, the real estate investment arm of GIC and also a member of the GIC Board of Directors and the GIC Group Executive Committee. Prior to joining GIC in 1996, Dr. Seek was a Partner with Jones Lang Wootton, based in Sydney. He is Chairman of the Institute of Real Estate Studies, National University of Singapore, his alma mater, and has served on the advisory boards of the Guanghua School of Management, Peking University and Fundacao Dom Cabral, Brazil, and the real estate programs at Cambridge University and Harvard University. He was a Board Director of the Pension Real Estate Association, USA and the founding Chairman of the Property Council of Australia Property Index. Dr. Seek graduated with a Master of Science (Business Administration) from the University of British Columbia in 1975 and a PhD in Urban Research from the Australian National University in 1981.

Lim Swe Guan is the alternate director to Dr. Seek Ngee Huat. He is currently a Managing Director of GIC Real Estate. In that role he is Global Head of the Corporate Investments Group that invests in public REITs and property companies. In November 1995, Mr. Lim joined SUNCORP Investments in Brisbane, Australia as Portfolio Manager, Property Funds. In June 1986, Mr. Lim was recruited by Jones Lang Wootton in Sydney, Australia to the position of Senior Research Analyst. He was appointed Manager in October 1987 and Director in 1989. Prior to that, he worked as a property consultant with Knight Frank, Cheong Hock Chye & Bailieu from 1985 to 1986. He also sits on the boards of Land & Houses in Thailand, General Property Trust and Thakral Holdings Group in Australia and Sunway City Berhad in Malaysia. He is also a CFA charter holder. He graduated with a Bachelor of Science in Estate Management in 1979 from the University of Singapore and a Master of Business Administration from the Colgate Darden Graduate School of Business, The University of Virginia in 1985.

Tham Kui Seng is our Non-Executive Independent Director. Mr. Tham has held executive positions in various industries, including more than 10 years in real estate. His last executive position was as Chief Corporate Officer of CapitaLand Limited, overseeing the corporate services functions of the real estate group from 2002 to 2008. He also held the position of Chief Executive Officer of CapitaLand Residential Limited from 2000 to 2005. He is currently a director of Raffles Medical Group Ltd, The Straits Trading Company Limited, CapitaLand China Holdings Pte Ltd and SPI (Australia) Assets Pty Ltd. He is also a member of the Board of The Housing & Development Board (HDB) and Chairman of E M Services Private Limited, a subsidiary of HDB. Mr. Tham received his Bachelor of Arts in Natural Science – Engineering Science from the University of Oxford, United Kingdom in 1979.

Wei Benhua is our Non-Executive Independent Director. Mr. Wei has served as the Advisor to the Governor of the People's Bank of China ("PBOC") from 2008 to January 2010. He was the Deputy Administrator of the State Administration of Foreign Exchange ("SAFE") of the People's Republic of China from 2003 to 2008. Prior to joining SAFE, Mr. Wei served as Director-General of International Department in PBOC from 1996 to 1999. Mr. Wei was also China's representative in various international organizations. From 1988 to 1991, he was an

Alternate Executive Director representing China in the Asian Development Bank. From 1992 to 1995, he was an Alternate Executive Director representing China in the International Monetary Fund ("IMF") and from 1999 to 2003, he was an Executive Director representing China in the IMF. Mr. Wei received his Bachelor of Arts in English Language from the Inner Mongolia Normal University and his Master degree in International Finance from the Graduate School of the People's Bank of China.

Yoichiro Furuse is our Non-Executive Independent Director. Mr. Furuse is currently the President of Evanston Corporation and a Senior Adviser of Permira Advisers K.K. From 2001 to 2005, he was the Executive Director & Executive Vice President of SANYO Electric Co., Ltd where he was responsible for its corporate management functions and internal control. Prior to this, Mr. Furuse served as the Senior Managing Director of Mazda Motor Corporation from 1996 to 2000 where he was responsible for domestic marketing, financing and overseeing the relationship with Ford Motor Company. Mr. Furuse began his career with Sumitomo Bank Limited in 1964 where he served as an Executive Director of International Banking Unit, West Japan Region, Domestic Corporate Planning. His last position with Sumitomo Bank Limited was as the bank's Senior Executive Director where he oversaw all the business activities of the bank within Europe, Middle East and Africa. Mr. Furuse received his Master of Business Administration from Northwestern University's Kellogg School of Management in 1970 and his Bachelor of Laws from Osaka University in 1964.

Steven Lim Kok Hoong is our Non-Executive Independent Director. He has over 32 years of audit and financial consulting experience and was responsible for the audits of statutory boards and some of the largest multinational corporations in Singapore, Indonesia and Malaysia. Mr. Lim served as a Senior Partner of Ernst & Young Singapore from 2002 to 2003. He started his career in Arthur Andersen in 1971 and served as the Managing Partner of Arthur Andersen Singapore from 1990 to 2002 and as Regional Managing Partner for the ASEAN region in Arthur Andersen from 2000 to 2002. Mr. Lim is a non-executive director of Parkway Trust Management Limited. He is also a non-executive director of Genting Singapore PLC and Hoe Leong Corporation Ltd. Mr. Lim is a Member of the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Accountants in Australia. He graduated with a Bachelor of Commerce Degree from the University of Western Australia in 1971.

Dr. Dipak Jain is our Non-Executive Independent Director. He is currently the Sandy and Morton Goldman Professor in Entrepreneurial Studies and a professor of marketing at Kellogg School of Management at Northwestern University, where he has been a member of the faculty since 1986. From 2001 to 2009, Dr. Jain served as Dean of the Kellogg School of Management at Northwestern University. Prior to his appointment as Dean, he served as the Associate Dean of Academic Affairs for five years. Dr. Jain has been a visiting professor of marketing at the Sasin Graduate Institute of Business Administration at Chulalongkorn University in Bangkok, Thailand, since 1989. He taught at Gauhati University in India from 1980 to 1983. He also has a Master of Science in Management and Administrative Services and a PhD in management science at the University of Texas at Dallas in 1987.

Paul Cheng Ming Fun is our Non-Executive Independent Director. Mr. Cheng is currently the Deputy Chairman and independent non-executive director of Esprit Holdings Ltd., as well as the independent non-executive director of Vietnam Infrastructure Ltd., Pacific Alliance China Land Limited and Pou Sheng International (Holdings) Limited. Mr. Cheng was the Chairman of The Link Management Ltd. from 2005 to 2007, Chairman of Inchcape Pacific Limited from 1992 to 1998 and its Executive Director from 1987 to 1992, as well as the Chairman of N.M. Rothschild & Sons (Hong Kong) Ltd from 1996 to 1998. Prior to this, he held various positions in Spencer Stuart & Associates (his last position was Managing Partner), Warner Lambert Co (his last position was Philippines Country Head and Asia Regional Director) and Richardson-Merrell, Inc. (formerly Vick Chemical Co.) (his last position in the company was Regional Manager). Mr. Cheng was a member of the Legislative Council of Hong Kong from 1988 to 1991 and from 1995 to 1997 and, was a member of the Preparatory Committee established by the Central Government of Beijing from 1994 to 1998 in relation to Hong Kong's reversion to Chinese sovereignty. He also served as the Chairman of the American Chamber of Commerce in Hong Kong in 1987 and the Hong Kong General Chamber of Commerce from

1992 to 1994. He was also awarded the Independent Non-Executive Director of the Year Award from the Hong Kong Institute of Directors in 2009. Mr. Cheng has a Bachelor of Arts from Lake Forest University, Illinois, United States in 1958 and received his Master of Business Administration from The Wharton Business School at University of Pennsylvania, United States in 1961.

**Expertise of the Board of Directors**

As evidenced by their respective business and working experience set out above, our Directors possess the appropriate expertise to act as directors of our Company. In accordance with the requirements under the SGX-ST listing rules, we have made arrangements for our Directors to be briefed on the roles and responsibilities of a director of a public listed company in Singapore.

**Independent Directors**

One of the key roles of the directors of our Company, including our Independent Directors, is to formulate the strategic direction of the businesses of our Group to achieve our business objectives. We seek to appoint to our Board persons who have distinguished themselves in their respective fields and who are able to contribute to our business objectives.

**Independence of our Independent Directors**

The Singapore Code of Corporate Governance 2005 (the "Code of Corporate Governance") recommends that there should be a strong and independent element on the board of directors who are able to exercise objective judgment on corporate affairs independently, in particular, from the management of the company. Under the Code of Corporate Governance, an "independent director" is defined as one who has no relationship with the listed company (the "Listco"), its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Listco. Examples of relationships, which deem a director not to be independent, include:

(a) a director being employed by the Listco or any of its related companies for the current or any of the past three fiscal years;

(b) a director who has an immediate family member who is, or has been in any of the past three fiscal years, employed by the Listco or any of its related companies as a senior executive officer whose remuneration is determined by the remuneration committee;

(c) a director, or an immediate family member, accepting any compensation from the Listco or any of its subsidiaries other than compensation for board service for the current or immediate past fiscal year;

(d) a director, or an immediate family member, being a substantial shareholder of or a partner in (with 5.0% or more stake), or an executive officer of, or a director of any for-profit business organization to which the Listco or any of its subsidiaries made, or from which the Listco or any of its subsidiaries received, significant payments in the current or immediate past fiscal year. As a guide, payments aggregated over any fiscal year in excess of S$200,000 should generally be deemed significant.

Ang Kong Hua, our Independent Chairman, is a director of GIC and GIC SI. GIC is the holding company of GIC Real Estate, which is the fund manager of the investments held by GIC Realty. GIC Realty is our substantial shareholder. Mr. Ang's role as a director of GIC and GIC SI is of a non-executive nature and he is not involved in the day-to-day management of GIC and GIC SI or accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of GIC and GIC SI in discharging his duties as our Independent Chairman.

Nonetheless, Mr. Ang will not participate in any discussions of our Board of Directors in relation to any interested person transactions involving GIC Realty and its subsidiaries (together, the "GIC Realty Group") or any matters that might give rise to a conflict of interest with the GIC Realty Group and shall abstain from voting on any such proposals at any meeting of our Board of Directors.

Taking into consideration the foregoing, our Board of Directors has determined that Mr. Ang's relationship with GIC and GIC SI would not interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment of the best interests of our Company and our subsidiaries. On the basis of the foregoing, our Board is of the view that Mr. Ang should be regarded as independent.

As our Company has appointed a total of seven Independent Directors, the other six Independent Directors, namely Mr. Tham Kui Seng, Mr. Wei Benhua, Mr. Yoichiro Furuse, Mr. Steven Lim Kok Hoong, Dr. Dipak Jain and Mr. Paul Cheng Ming Fun, all of whom do not have any concurrent appointments as directors of any entity within GIC, will be able to make decisions with respect to interested person transactions and conflicts of interest involving the GIC Realty Group and our Group. Mr. Steven Lim Kok Hoong, Mr. Tham Kui Seng and Mr. Paul Cheng Ming Fun are also members of our Audit Committee and will oversee all interested person transactions and conflict of interest issues involving the GIC Realty Group and our Group.

Our Non-Executive Independent Director, Mr. Yoichiro Furuse, is a President of Evanston Corporation, which has provided advisory and consultancy services to the Group from July 19, 2009 to present. The scope of Mr. Furuse's advisory services includes advising the Group on corporate strategy, marketing and financing, and introducing the Group to potential customers and financial institutions. The aggregated payments made by our Group for all services provided by Evanston Corporation in respect of any fiscal year ended March 31 is less than S$200,000. The provision of advisory services by Evanston Corporation to the Group will terminate immediately prior to the listing of our Company on the Main Board of the SGX-ST. Taking into consideration the foregoing, our Board of Directors has determined that Mr. Furuse's relationship with Evanston Corporation would not interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment of the best interests of our Company and our subsidiaries. On the basis of the foregoing, our Board is of the view that Mr. Furuse should be regarded as independent.

### Past and present principal directorships of our Directors

The past and present principal directorships held by our Directors in the last five years preceding the date of this offering document are set out in "Appendix F—List of Past and Present Principal Directorships".

### Interests in Shares

As of the date of this offering document, none of our Directors have any interests (direct or deemed) in our Shares. Pursuant to the Corporate Reorganization, SMG will acquire 6.8% of our issued share capital following the Share Split and the issuance of the Reorganization Shares. Jeffrey H. Schwartz and Ming Z. Mei each owns 50% of the issued voting share capital of SMG and would have a deemed interest in the Shares of our Company held by SMG. SMG is controlled by Jeffrey H. Schwartz (as to 50% of its voting share capital) and Ming Z. Mei (as to the remaining 50% of its voting share capital). For further details as to our Directors' interests in our Shares, see "Share Capital and Shareholders – Current shareholders."

### Service Agreements

*Service Agreement with Mr. Jeffrey H. Schwartz*

On September 27, 2010, we entered into a service agreement with our Deputy Chairman, Mr. Jeffrey H. Schwartz. The following is a summary of Mr. Schwartz's service agreement.

Mr. Schwartz receives a fixed monthly salary of US$83,300 and is entitled to other benefits including insurance coverage, health and medical benefits and transport allowances. Mr. Schwartz is entitled to an annual bonus of approximately US$1,000,000, the actual amount of which shall be determined in the discretion of the Board, taking into account the performance of the Company and his performance against the performance targets set for him by the Board. For each full year of employment, Mr. Schwartz shall be granted Shares under the Company's prevailing restricted share plan equal at the time of grant in value to approximately US$1,300,000, the actual value of which shall be determined in the sole discretion of the Board, taking into account the performance of the Company and his performance against the performance targets set for him by the Board.

Mr. Schwartz's service agreement shall commence on the date on which our Shares are listed on the SGX-ST and his employment shall continue (subject to earlier termination as provided in the agreement) for a period of four years from the commencement date. We may terminate Mr. Schwartz's service agreement by written notice immediately if he commits certain acts of default described in the service agreement.

Mr. Schwartz is subject to certain restrictions up to a period of one year following any termination of his appointment under the service agreement, including restrictions against his employment in, carrying on, or providing advice to any person engaged in, any business within Asia and any other territory in which our Group or associated companies have substantial business dealings from time to time, which is in competition with our business.

*Service Agreement with Mr. Ming Z. Mei*

On September 27, 2010, we entered into a service agreement with our Chief Executive Officer, Mr. Ming Z. Mei. The following is a summary of Mr. Mei's service agreement.

Mr. Mei receives a fixed monthly salary of US$83,300 and is entitled to other benefits including insurance coverage, health and medical benefits and transport allowances. Mr. Mei is entitled to an annual bonus of approximately US$1,000,000, the actual amount which shall be determined in the discretion of the Board, taking into account the performance of the Company and his performance against the performance targets set for him by the Board. For each full year of employment, Mr. Mei shall, be granted Shares under the Company's prevailing restricted share plan equal at the time of grant in value to approximately US$1,300,000, the actual value which shall be determined in the sole discretion of the Board, taking into account the performance of the Company and the Appointee's performance against the performance targets set for him by the Board.

Mr. Mei's service agreement shall commence on the date on which our Shares are listed on the SGX-ST and his employment shall continue (subject to earlier termination as provided in the agreement) for a period of four years from the commencement date. We may terminate Mr. Mei's service agreement by written notice immediately if he commits certain acts of default described in the service agreement. We may also terminate Mr. Mei's service agreement by giving six months' written notice, or by written notice immediately provided that an amount equivalent to six months' salary is paid to Mr. Mei.

Mr. Mei is subject to certain restrictions up to a period of one year (or in the case of termination without cause, six months after the date of notice unless the Company pays Mr. Mei an additional six-months' salary in which case the restricted period shall end one year after the date of notice) following any termination of his appointment under the service agreement, including restrictions against his employment in, carrying on, or providing advice to any person engaged in, any business within Asia and any other territory in which our Group or associated companies have substantial business dealings from time to time, which is in competition with our business.

### Term of office

Save in respect of the appointments of Mr. Jeffrey H. Schwartz as Deputy Chairman, Chairman of the Executive Committee, Mr. Ming Z. Mei as Chief Executive Officer under their service agreements as described above, our Directors do not have fixed terms of office. Each Director is required to retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is required to retire from office by rotation and will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office).

### Employment Terms

Other than Mr. Jeffrey H. Schwartz and Mr. Ming Z. Mei with whom we have entered into service agreements, our key management are employed under employment letters, which generally stipulate remuneration terms, entitlement to leave and other benefits consistent with our Group's prevailing policies. Employees are generally bound by confidentiality obligations. Typically, the notice period for termination of employment of key management is one month, given either by the employee or us. We may also terminate the employment of key management by giving one month's salary in lieu of notice as well as terminate the employment of key management for cause, without notice.

There are no existing or proposed service contracts entered into or to be entered into by our Company or any of our subsidiaries with any of our Directors or Executive Officers which provide for compensation in the form of stock options, or pensions, retirement or other similar benefits, or other benefits, upon the termination of the employment.

## CORPORATE GOVERNANCE

Our Directors recognize the importance of corporate governance and the maintenance of high standards of accountability to our shareholders.

The Code of Corporate Governance recommends that the roles of chairman and chief executive officer be separated, to ensure an appropriate balance of power and increased accountability to shareholders. Our Board has established four committees: (i) the Audit Committee; (ii) the Nominating Committee; (iii) the Compensation Committee and (iv) the Investment Committee.

### Audit Committee

Our internal policy requires the Audit Committee to have at least three members, all of whom have to be non-executive and the majority of whom, including the Chairman, have to be independent. Under our Audit Committee's terms of reference, the Audit Committee should have broad business experience, knowledge of the operations, finance and auditing procedures of our Group with at least two members having accounting or related financial management expertise or experience. The Audit Committee comprises four members, namely Mr. Steven Lim Kok Hoong, Mr. Ang Kong Hua, Mr. Tham Kui Seng and Mr. Paul Cheng Ming Fun. The Chairman of the Audit Committee is Mr. Steven Lim. The Audit Committee is required to meet at least four times a year to perform functions such as:

(a) review all of our Group's financial information and any public financial reporting with our management and external auditors for submission to the Board;

(b) review together with external auditors, their audit plan, audit report, management letter and the responses which the external auditors have received from our management on difficulties which they have encountered with our management in the course of their audit;

(c) review with external and internal auditors the adequacy and effectiveness of our Group's internal control system;

(d) review with internal auditors, the program, scope and results of the internal audit and our management's response to their findings to ensure that appropriate follow-up measures are taken;

(e) review with external auditors the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial information of our Group;

(f) review interested person transactions for potential conflicts of interest as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place (see the "Interested Person Transactions and Conflicts of Interests—Review Procedures for Future Interested Person Transactions");

(g) assess the suitability of an accounting firm as external auditors and recommend to our Board the appointment or re-appointment of such external auditors for the coming year, approve their compensation as negotiated by our management and to review and approve their discharge;

(h) review filings with the SGX-ST or other regulatory bodies which contain our Group's financial information and ensure proper disclosure;

(i) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on our Group's operating results and/or financial position;

(j) review risk management policies and guidelines and monitor compliance therewith;

(k) review and approve all hedging policies and types of hedging instruments to be implemented by the Group, if any; and

(l) report to the Board the work performed by the Committee in carrying out its functions.

Apart from the duties listed above, the Audit Committee is required to discuss matters which may involve any suspected fraud or irregularity, or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on our operating results or financial position with external auditors and report such matters to the Board at an appropriate time.

**Nominating Committee**

Our internal policy requires the Nominating Committee to have at least three members, of whom the majority have to be independent, including the Chairman. Our Nominating Committee comprises Dr. Dipak Jain, Mr. Steven Lim Kok Hoong and Mr. Paul Cheng Ming Fun. The Chairman of the Nominating Committee is Dr. Dipak Jain. The Nominating Committee is responsible for (i) reviewing and recommending candidates for appointments to our Board and Board committees (excluding the appointment of existing members of our Board to each of the Audit Committee, the Nominating Committee, the Compensation Committee and the Investment Committee for the purposes of the initial establishment of such Board committees), as well as candidates for senior management staff, who are not also candidates for appointment to our Board; (ii) reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of our Directors; and (iii) reviewing and recommending candidates to be our nominees on the boards and board committees of the listed companies and entities within our Group.

Each member of the Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of the Nominating Committee in which he has a conflict of interest in the subject matter under consideration.

**Compensation Committee**

Our internal policy requires the Compensation Committee to have at least three members, all of whom have to be non-executive and a majority of whom have to be independent, including the Chairman. The Compensation Committee comprises Mr. Ang Kong Hua, Dr. Seek Ngee Huat and Dr. Dipak Jain. The Chairman of the Compensation Committee is Mr. Ang Kong Hua. Our Compensation Committee is responsible for the performance of the following duties and responsibilities:

(a) review and approve our Group's policy for determining the remuneration of our executives including that of our chief executive officer and other key management executives (collectively, the "Senior Management Executives");

(b) review the on-going appropriateness and relevance of our executive remuneration policy and other benefit programs;

(c) consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each Senior Management Executive (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within our Group;

(d) consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to members of the Board and key/senior executives, including the Chief Executive Officer;

(e) review and approve the design of all option plans, stock plans and/or other equity based plans;

(f) determine each year whether awards will be made under each of our equity plans;

(g) review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan;

(h) review, approve and keep under review performance hurdles and/or fulfillment of performance hurdles for each of our equity-based plans;

(i) approve the remuneration framework (including directors' fees) for our non-executive Directors on the relevant boards of directors within our Group;

(j) review succession plans for Senior Management Executive positions; and

(k) review with Senior Management Executives the development of key executives and talented executives within our Group.

All decisions at any meeting of the Compensation Committee shall be decided by a majority of votes of the members present and voting and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.

**Investment Committee**

Our internal policy requires the Investment Committee to have at least four members. The Investment Committee consists of six members, namely Dr. Seek Ngee Huat, Mr. Yoichiro Furuse, Mr. Wei Benhua, Mr. Tham Kui Seng, Mr. Jeffrey H. Schwartz and Mr. Ming Z. Mei.

Dr. Seek Ngee Huat is the Chairman of the Investment Committee. The Investment Committee responsibilities include:

(a) to review and recommend to the Board of Directors on annual investment and divestment strategy, criteria and budgets;

(b) to review and recommend to the Board of Directors of any new business direction and/or strategy;

(c) to monitor on quarterly basis progress against budgeted investments and divestments and review the investment criteria and strategy if necessary;

(d) to approve any investment or divestment in China or Japan, and entering into, any credit facility pursuant to limits to be set by the Board of Directors from time to time;

(e) to approve any acquisition whereby the consideration of such acquisition is to be satisfied by issuance of shares in the Company; and

(f) to approve initial investments in new countries other than China or Japan, and set thresholds above which subsequent investments shall be approved by the Investment Committee.

From time to time, the Board may set certain investment limits below which our management does not need to seek the Investment Committee's review or approval.

## EXECUTIVE COMMITTEE

Our Executive Committee is responsible for our day-to-day management and operations as well as the implementation and execution of our Group's operational policies. The Executive Committee comprises six Executive Officers including its Chairman, Mr. Jeffrey H. Schwartz. The following table sets forth information regarding the members of the Executive Committee.

| Name | Age | Address | Position within our Group |
|---|---|---|---|
| Jeffrey H. Schwartz . . . . . . . . . . | 51 | 50 Raffles Place,<br>#32-01 Singapore Land Tower<br>Singapore 048623 | Deputy Chairman and Chairman of the Executive Committee |
| Ming Z. Mei . . . . . . . . . . . . . . . | 38 | 2708, Azia Center<br>1233 Lujiazui Ring Road<br>Pudong, Shanghai<br>China | Chief Executive Officer |
| Masato Miki . . . . . . . . . . . . . . . | 46 | 1-5-2 Higashi-Shimbashi<br>4F Shiodome City Center<br>Minato-ku, Tokyo, Japan | President of Japan |
| Fang Xie, Heather . . . . . . . . . . . | 46 | 2708, Azia Center<br>1233 Lujiazui Ring Road<br>Pudong, Shanghai<br>China | Chief Financial Officer |
| Yoshiyuki Chosa . . . . . . . . . . . . | 41 | 1-5-2 Higashi-Shimbashi<br>4F Shiodome City Center<br>Minato-ku, Tokyo, Japan | Managing Director of Japan |
| Kent Yang . . . . . . . . . . . . . . . . . | 42 | 2708, Azia Center<br>1233 Lujiazui Ring Road<br>Pudong, Shanghai<br>China | Managing Director of China |

Jeffrey H. Schwartz and Ming Z. Mei each owns 50% of the voting share capital of SMG, which will acquire 6.8% of our issued share capital following the the Share Split and the issuance of the

Reorganization Shares. Save for the foregoing, none of our Executive Officers are related to each other or to our Directors or substantial shareholders of our Company.

**Experience of our Executive Officers**

Information on the key business and working experience of our Executive Officers (other than Mr. Jeffrey H. Schwartz and Mr. Ming Z. Mei whose business and working experience is described above) is set out below:

Masato Miki is our President of our Japan operations. Mr. Miki was formerly President and Co-CEO of ProLogis Japan. Mr. Miki joined ProLogis Japan in 2002 and grew ProLogis Japan to a prominent player in the Japan logistics space. Prior to joining ProLogis, Mr. Miki held several key positions within Mitsui Fudosan Co. Ltd from 1987 to 2002. In 1994, Mr. Miki relocated to New York to join Mitsui Fudosan America Inc. as treasurer and was responsible for corporate & property financing. In 2000, Mr. Miki returned to Tokyo to participate in the company's J REIT project team and contributed to the public offering of the first J REIT in Japan, which was sponsored by Mitsui Fudosan Co. Ltd. Mr. Miki obtained his Master of Science in Real Estate Finance from New York University in 1999, and received his Bachelor of Arts in Political Science and Economics from Waseda University in 1987.

Fang Xie, Heather is our Chief Financial Officer, and joined our Group from ProLogis pursuant to the 2009 Acquisition. Ms. Xie was Managing Director and Chief Financial Officer of ProLogis China, where she was in charge of finance, treasury, tax, human resources and Information Technology of the China business. Ms. Xie was the Chief Financial Officer of Momentive Performance Materials Shanghai from 2007 to 2008, before which she spent over a decade from 1994 to 2006 in the General Electric group of companies, and held various positions with increasing responsibilities, including the Chief Financial Officer of General Electric Toshiba Silicones, the Treasurer and Controller of General Electric Infrastructure, Asia Pacific. Ms. Xie received her Bachelor and Master degrees from People's University of China and a Master degree of Arts from Cornell University in New York. Our Audit Committee has reviewed Ms. Xie's curriculum vitae and professional references and interviewed her. Our Audit Committee is of the opinion that Ms. Xie is suitable as Chief Financial Officer, and will be able to discharge her duties as our Chief Financial Officer satisfactorily.

Yoshiyuki Chosa is our Managing Director of Japan. Mr. Chosa was formerly Vice President and subsequently Senior Vice President, Investment Management of ProLogis Japan, where he was responsible for the acquisition, development and investment business of the company in Japan. Mr. Chosa joined ProLogis Japan in March 2003 as Vice President to launch and expand its acquisition business. Prior to joining ProLogis Japan, Mr. Chosa held several key positions within Mitsui Fudosan Co., Ltd, and Mitsui Fudosan Investment Advisors, Inc., a group company of Mitsui Fudosan. In Mitsui Fudosan Co., Ltd, Mr. Chosa was involved in condominium and housing development projects as well as office leasing. In Mitsui Fudosan Investment Advisors, he was responsible for providing asset management services and real estate investment advisory services to overseas institutional investors. Mr. Chosa holds a Bachelor of Laws from Keio University in 1992.

Kent Yang is our Managing Director of China and is in charge of the company's business in China, including leasing properties, property management, and customer relations and services. Mr. Yang joined Shanghai Lingang GLP International Logistics Park Co. Ltd. in 2005 as a General Manager. Prior to that, Mr. Yang was the Managing Director of Wuxi Hua Yang Hi-Tech Venture Capital Inc. from 2002 to 2005 where he was responsible for the overall management of the company. Mr. Yang has over 17 years of experience in industrial real estate and construction. He received his Bachelor of Architecture from the University of Southern California in 1993 and a Master of Science in Real Estate Development from Columbia University in 1996.

The past and present principal directorships held by our Executive Officers in the five years preceding the date of this offering document are set out in "Appendix F—List of Past and Present Principal Directorships".

## ARRANGEMENT OR UNDERSTANDING

Dr. Seek Ngee Huat and his alternate director, Mr. Lim Swe Guan, were nominated by GIC Real Estate. Save for the foregoing, none of our Directors or Executive Officers has any arrangement or understanding with any of our substantial shareholders, customers or suppliers or other person pursuant to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

## COMPENSATION

The compensation, in bands of S$250,000, paid by our Group to our Directors and the Executive Officers for services rendered to our Group in all capacities on an aggregate basis in the fiscal years ended March 31, 2009 and 2010 (being the last two most recent completed fiscal years) and the estimate of the same for the fiscal year ending March 31, 2011 is as follows:

| | 2009 | 2010 | 2011 (Estimated) |
|---|---|---|---|
| **Directors** | | | |
| Ang Kong Hua | Nil(1) | Nil(1) | A |
| Jeffrey H. Schwartz | A | D | E |
| Ming Z. Mei | A | D | E |
| Dr. Seek Ngee Huat | Nil(1) | Nil(1) | A |
| Lim Swe Guan (*alternate director to Dr. Seek Ngee Huat*) | Nil(1) | Nil(1) | A |
| Tham Kui Seng | Nil(1) | Nil(1) | A |
| Wei Benhua | Nil(1) | Nil(1) | A |
| Yoichiro Furuse | Nil(1) | Nil(1) | A |
| Steven Lim Kok Hoong | Nil(1) | Nil(1) | A |
| Dr. Dipak Jain | Nil(1) | Nil(1) | A |
| Paul Cheng Ming Fun | Nil(1) | Nil(1) | A |
| **Executive Officers** | | | |
| Masato Miki | Nil(2) | E | F(3) |
| Fang Xie, Heather | A | D | E(3) |
| Yoshiyuki Chosa | Nil(2) | C | D(3) |
| Kent Yang | A | C | D(3) |

Notes:

(1) Not yet appointed to our Board

(2) Compensation for these fiscal years was not borne by our Group.

(3) Includes a share from certain carried interests payable to GLPH in respect of portfolio projects, which, pursuant to a joint venture agreement dated February 25, 2009 among SMG, Reco Logistics Management and others, GLPH had agreed to distribute to eligible employees. Such joint venture agreement will be terminated prior to the Listing Date.

Remuneration bands:

- "A" refers to remuneration below the equivalent of S$250,000.
- "B" refers to remuneration between the equivalent of S$250,001 and S$500,000.
- "C" refers to remuneration between the equivalent of S$500,001 and S$750,000.
- "D" refers to remuneration between the equivalent of S$750,001 and S$1,000,000.
- "E" refers to remuneration between the equivalent of S$1,000,001 and S$1,250,000.
- "F" refers to remuneration between the equivalent of S$1,250,000 and S$1,500,000.

Compensation includes benefits in kind and any deferred compensation accrued for the relevant fiscal year and payable at a later date. The estimated amount of compensation payable in the current fiscal year excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement. Except as set out above, as at the date of this offering document, the Company does not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of its employees, and bonuses are expected to be paid on a discretionary basis.

We have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

# SHARE-BASED INCENTIVE PLANS

## Our Share-Based Incentive Plans

On September 24, 2010, our sole shareholder approved a performance share plan and a restricted share plan known respectively as the GLP Performance Share Plan (the "Performance Share Plan") and the GLP Restricted Share Plan (the "Restricted Share Plan," together with the Performance Share Plan, the "Share Plans").

The establishment of the Share Plans is to recognize the contributions and continued dedication of our participating Directors and employees and the critical roles they play in the future growth and development of our Group.

Under the Performance Share Plan, the final number of Shares to be released will depend on the achievement of predetermined targets over a specified performance period. No Shares will be released if the threshold targets are not met at the end of the performance period. There is no vesting period for Shares released under the Performance Share Plan. Awards granted under the Restricted Share Plan will be subject to vesting periods but, unlike awards granted under the Performance Share Plan, will not be subject to performance targets.

The aggregate number of new Shares to be issued under the Share Plans is subject to a maximum limit of 15.0% of our total issued share capital when taken into account together with all other share plans concurrently implemented by our Company.

The objectives of the Share Plans are to recognize the contribution of its participants ("Plan Participants") so as to achieve greater growth and are designed to reward the Plan Participants with awards comprising fully paid Shares, or the equivalent in cash or a combination of both (the "Award"). In deciding on an Award to be granted to a Plan Participant, the committee administering the Share Plans will consider, among others, the compensation and/or benefits to be given to the Plan Participant under any concurrent share plan to be implemented by our Company. The reason for having the Share Plans is to give us greater flexibility in structuring the compensation packages of eligible participants and providing an additional tool to motivate and retain staff members so that we can offer compensation packages that are market-competitive.

As at the date of this offering document, no Awards have been granted under the Share Plans. The rules of the Share Plans may be inspected by shareholders at the registered office of our Company for a period of six months from the date of registration of this offering document. See Appendix G of this offering document for a summary of the rules of the Share Plans.

## Disclosures in Annual Report

The following disclosures (as applicable) will be made by us in our annual report for as long as the Share Plans continue in operation:

(a) the names of the members of the committee administering the Share Plans;

(b) in respect of the following participants of the Share Plans:

- (i) Directors of the Company; and

- (ii) Participants (other than those in paragraph (i) above) who have received Shares pursuant to the release of awards granted under each of the Share Plans which, in aggregate, represent five (5)% or more of the total number of Shares available under the Share Plans collectively,

  the following information:

  - (aa) the name of the participant; and

(bb) the following particulars relating to awards released under the Share Plans:

(i) the number of new Shares issued to such participant during the financial year under review; and

(ii) the number of existing Shares transferred to such participant during the financial year under review; and

(c) in relation to each of the Share Plans, the following particulars:

(i) the aggregate number of Shares comprised in awards granted under the Share Plans since their commencement to the end of the financial year under review;

(ii) the aggregate number of Shares comprised in awards which have been released under each of the Share Plans during the financial year under review and in respect thereof, the proportion of:-

(1) new Shares issued; and

(2) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,

upon the release of awards granted under each of the Share Plans; and

(iii) the aggregate number of Shares comprised in awards granted under each of the Share Plans which have not been released, as at the end of the financial year under review.

**Administration of the Share Plans**

The Share Plans will be administered by the Compensation Committee. In compliance with the requirements of the Listing Manual, a participant of the Share Plans who is a member of the Compensation Committee shall not be involved in its deliberations in respect of awards (as the case may be) to be granted or held by that member of the Compensation Committee.

**Participation of Controlling Shareholders**

Controlling shareholders and their associates are not entitled to participate in the Share Plans.

**Financial Effects of the Share Plans**

***(i) Share Capital***

Equity settled Share Plans may result in an increase in our Group's issued share capital when new Shares are issued to participants pursuant to the grant of awards. However, if existing Shares are purchased for delivery to participants in lieu of issuing new Shares to them, there will be no impact on our Group's issued share capital.

***(ii) Net Tangible Assets***

As described below, the Share Plans will result in a charge to our Group's income statement equal to the fair value at which the new Shares are issued or liability recognized. There would be no effect on the Net Tangible Assets of our Group due to the offsetting effect of expenses recognized and increased share capital or reserves. Nonetheless, it should be noted that in the case of the Performance Share Plan, the delivery of Shares to participants is contingent upon the participants meeting prescribed performance targets and conditions. Accordingly, it would have resulted in significant added value to Net Tangible Assets of our Group before our Shares are delivered.

### *(iii) Costs to our Group*

Equity-settled share-based payments are measured at fair value at the date of grant. In estimating the fair value of the compensation costs, market-based performance conditions are taken into account. The cost is charged to the income statement on a basis that fairly reflects the manner in which the benefits will accrue to the employees under the respective plans over the vesting period.

The compensation cost for the Performance Share Plan and the Restricted Share Plan are re-measured based on the latest estimate of the number of Shares that will be awarded based on non-market vesting conditions at each reporting date. Any increase or decrease in compensation costs over the previous estimate is recognized in the income statement, with a corresponding adjustment to equity or liability. The final measure of compensation cost for the Restricted Share Plan is based on the number of Shares ultimately awarded at the completion of the vesting period. For the Performance Share Plan with a market-based condition, the compensation cost is recognized irrespective whether the performance condition is satisfied.

During the vesting period, the consolidated basic and diluted earnings per share would be reduced by the expense recognized and, where applicable, the weighted average number of Shares to be issued under the Share Plans.

We have made an application to the SGX-ST for permission to deal in and for quotation of our Shares which may be issued pursuant to the grant of awards under the Share Plans. The approval of the SGX-ST is not to be taken as an indication of the merits of our Group, our subsidiaries, our Shares, the new Shares or our Shares arising from the grant of awards pursuant to the Share Plans.

## INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTERESTS

For purposes of this section, the following definitions will apply:

(1) "our Group" means:

(a) our Company;

(b) a subsidiary of our Company that is not listed on the SGX-ST or any approved exchange; or

(c) an associated company of our Company that is not listed on the SGX-ST or any approved exchange and which our Group and our interested person(s) have control.

(2) "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual.

(3) "interested person" means:

(a) a director, chief executive officer, or controlling shareholder of our Company; or

(b) an associate of any such director, chief executive officer, or controlling shareholder.

Certain terms such as "associate", "control", "controlling shareholder", and "interested person" used in this section have the meanings as provided in the Listing Manual and in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("SFR"), unless the context specifically requires the application of the definitions in one or the other as the case may be.

In general, transactions between our Group and any of our interested persons would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual.

Details of the present and ongoing transactions as well as past transactions between our Group and our interested persons which are material in the context of the Offering are set out below. We have entered into certain other transactions with our interested persons which are material in the context of the Offering, as further disclosed in this section and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Borrowings" and "History and Corporate Reorganization" of this offering document. Save as disclosed in these sections, there are no interested person transactions that are material in the context of the Offering for the last three fiscal years ended March 31, 2008, 2009 and 2010 and for the period from April 1, 2010 until the Latest Practicable Date. Save as otherwise provided in this section, investors, upon subscription and/or purchase of the Offering Shares, are deemed to have specifically approved these transactions with our interested persons and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

## PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group and interested persons which are material in the context of the Offering, for the past three fiscal years ended March 31, 2008, 2009 and 2010 and for the period from April 1, 2010 until the Latest Practicable Date are as follows:

### *Guarantees by Recosia and Reco Benefit*

On January 27, 2004, Recosia provided a guarantee over 80% of the amount of deposit payable by our subsidiary, GLP Urayasu Two Y.K. to Mitsubishi UFJ Trust and Banking Corporation as the trustee ("MUTB"), in the event that MUTB becomes obligated to pay such deposit amount to a third party tenant. The amount guaranteed by Recosia is equivalent to ¥817,680,000. This guarantee will either be novated to our Group as of the Listing Date, or terminated as of the Listing Date upon our Group reserving an amount equivalent to the deposit to be paid to MUTB. No fees were paid by us to Recosia in respect of such guarantee.

On May 6, 2008, we entered into a facility agreement with an unrelated third party lender for a loan of up to US$200 million for our Group's general investment and corporate purposes. The loan facility amount was subsequently reduced to US$170 million (the "Third Party Loan"). Recosia provided a guarantee in respect of the Third Party Loan in favor of the unrelated third party lender. The Third Party Loan was refinanced on May 11, 2010 with the same unrelated third-party lender, upon which Recosia had extended its guarantee. The guarantee in respect of such loan was terminated on August 27, 2010 upon a subsidiary of Recosia assuming the loan. We did not pay any fees to Recosia in respect of such guarantee.

On January 30, 2009, we entered into a facility agreement with an unrelated third party lender for a loan of up to US$150 million to part finance the 2009 Acquisition. The loan facility amount was subsequently reduced to US$143.6 million. Recosia provided a guarantee in respect of the loan facility in favor of the unrelated third party lender. The guarantee in respect of such loan was terminated on August 27, 2010 upon a subsidiary of Recosia assuming the loan. No fees were paid by us to Recosia in respect of such guarantee.

On February 27, 2009, Reco Benefit provided a guarantee over the entire amount of deposit payable by our subsidiary, GLP Narashino Two Y.K. to a third party tenant in respect of a fixed term lease agreement for a property held by Narashino Two Logistic Special Purpose Company. The amount guaranteed by Reco Benefit is equivalent to ¥455,574,210. This guarantee will be novated to our Group as of the Listing Date. No fees were paid by us to Reco Benefit in respect of such guarantee.

The terms of the provision of the above guarantees were not negotiated on an arm's length basis and the guarantees were provided by Recosia and Reco Benefit on the basis that we were a wholly-owned subsidiary of Recosia at the relevant time.

## PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

Details of the present and ongoing transactions between our Group and interested persons which are material in the context of the Offering, for the past three fiscal years ended March 31, 2008, 2009 and 2010 and for the period from April 1, 2010 until the Latest Practicable Date are as follows:

### *(A) Shareholders' Loans and/or Intercompany Advances from Reco Platinum, Reco Benefit and Reco Heir in respect of the Japan Portfolio*

Reco Platinum, Reco Benefit and Reco Heir have extended financing in the form of intercompany advances and/or shareholders' loans to JLP1, JLP2 and its subsidiaries and JLP3, respectively (the "RPBH Loans") for investment and general corporate purposes. The intercompany advances and shareholders' loans are repayable on demand.

For the past three fiscal years ended March 31, 2008, 2009 and 2010 and for the period from April 1, 2010 to the Latest Practicable Date, the aggregate amounts outstanding pursuant to the RPBH Loans amounted to approximately US$221.4 million, US$531.1 million, US$563.4 million and US$588.8 million, respectively. The largest amount outstanding during these periods was US$588.8 million which was also the aggregate outstanding amount as at the Latest Practicable Date. The RPBH Loans were not agreed on an arm's length basis and the RPBH Loans were extended by Reco Platinum, Reco Benefit and Reco Heir as unsecured interest-free advances and/or loans on the basis that JLP1, JLP2 and JLP3 were wholly-owned by Reco Platinum, Reco Benefit and Reco Heir, respectively.

Of the RPBH Loans, US$417.6 million will be capitalized by way of an issue and allotment of an aggregate of 298,726,784 new Shares to Reco Platinum and Reco Benefit and the remaining amount will be repaid from the net proceeds of the Offering.

***(B) Intercompany Advances from Recosia China***

Since 2008 Recosia China has provided the Recosia China Intercompany Advances. As at the Latest Practicable Date, the aggregate amount of outstanding intercompany advances (including interest accrued on the Recosia China 2010 Loan, as defined below) was US$917.7 million. As part of the Corporate Reorganization, US$725.4 million of the Recosia China Intercompany Advances will be capitalized by way of an issue and allotment of an aggregate of 518,920,627 new Shares to Recosia China and the remaining Recosia China Intercompany Advances will be repaid from the net proceeds of the Offering.

For the past three fiscal years ended March 31, 2008, 2009 and 2010 and for the period from April 1, 2010 to the Latest Practicable Date, the aggregate amounts outstanding under the Recosia China Intercompany Advances were approximately US$928.0, US$590.6 million, US$599.0 million and US$917.7 million respectively. The largest amount (including interest accrued on the Recosia China 2010 Loan, as defined below) outstanding during these periods was US$917.7 million which was also the aggregate outstanding amount under the Recosia China Intercompany Advances as at the Latest Practicable Date. The terms of the Recosia China Intercompany Advances were not agreed on an arm's length basis and the Recosia China Intercompany Advances were extended by Recosia China on an interest-free and unsecured basis, on the basis that our Company was wholly-owned by Recosia China at the relevant time.

***(C) Shareholder's Loan from Recosia China***

On June 30, 2010, we entered into the Recosia China 2010 Loan with Recosia China, pursuant to which Recosia China had extended to our Company an uncommitted facility of up to US$150 million for investment and/or general corporate purposes. Under the terms and the conditions of the Recosia China 2010 Loan, the loan is repayable on December 30, 2010.

For the period from April 1, 2010 to the Latest Practicable Date, the largest amount outstanding pursuant to the Recosia China 2010 Loan during such period was approximately US$100.8 million, which was also the aggregate outstanding amount as at the Latest Practicable Date. The interest rate payable on the Recosia China 2010 Loan is 8% per annum, which rate was agreed taking into account prevailing market rates for similar loans offered by unrelated financial institutions. The terms of the Recosia China 2010 Loan were agreed on an arm's length basis.

In accordance with the terms of the Recosia China 2010 Loan, the Offering would constitute a mandatory prepayment event and the Recosia China 2010 Loan and any interest accrued thereon will be repaid from the net proceeds of the Offering.

*(D) Lease of office space from our related corporations*

Our Group has leased office space in Shanghai, Tianjin and Tokyo from associates of Recosia China (the "Recosia Leases"). The Recosia Leases comprise lease terms ranging from a shortest term of less than two years to a longest term of three years, with commencement dates starting within the period from November 1, 2008 to May 1, 2010.

The aggregate amounts paid by our Group (including rent, all service and administrative charges and security deposits) in connection with the Recosia Leases for the past three fiscal years ended March 31, 2008, 2009 and 2010 and for the period from April 1, 2010 to the Latest Practicable Date were approximately nil, US$1.4 million, US$3.1 million and US$1.1 million respectively. The Recosia Leases were entered into in the ordinary course of business and the amounts paid by our Group pursuant to the Recosia Leases were agreed on an arm's length basis.

**REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS**

All future interested person transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority shareholders. In the event that such interested person transactions require the approval of our Board and the Audit Committee, relevant information will be submitted to the Board or the Audit Committee for review. In the event that such interested person transactions require the approval of shareholders, additional information may be required to be presented to shareholders and an independent financial adviser may be appointed for an opinion.

In the review of all future interested person transactions the following procedures will be applied:

(i) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same fiscal year) equal to or exceeding S$100,000 in value but below 3.0% of the value of our Company's net tangible assets will be subject to review by the Audit Committee at regular intervals;

(ii) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same fiscal year) equal to or exceeding 3.0% but below 5.0% of the value of our Company's net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on arm's length commercial terms and are consistent with similar types of transactions made with non-interested parties; and

(iii) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same fiscal year) equal to or exceeding 5.0% of the value of our Company's net tangible assets will be reviewed and approved by the Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

Additionally, a register will be maintained to record all interested person transactions (incorporating the basis, amount and nature, on which they are entered into). The Audit Committee will review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. We will also endeavor to comply with the recommendations set out in the Code of Corporate Governance.

The annual internal audit plan will incorporate a review of all interested person transactions entered into. The Audit Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between us and our interested persons are conducted on arm's length commercial terms.

Transactions falling within the above categories, if any, will be reviewed quarterly by the Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. The Audit Committee will also ensure that all disclosure, approval and other requirements on interested person transaction, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. We will also disclose the aggregate value of interested person transactions conducted during the current fiscal year in our annual report.

## POTENTIAL CONFLICTS OF INTERESTS

Recosia China is wholly-owned by Recosia. Recosia is also the holding company of Reco Platinum, Reco Benefit and Reco Logistics Management, each of which holds Shares in our Company. Recosia is wholly-owned by GIC Realty. GIC Realty holds real estate investments which are managed by GIC Real Estate. GIC Real Estate is wholly-owned by GIC and is the real estate investment arm of GIC.

Other than for its deemed interests in the Shares held by Recosia China, Reco Platinum, Reco Benefit and Reco Logistics Management, GIC Realty does not currently hold any interests in logistics properties in China and Japan that may compete with the business of our Group.

However, the GIC group may in future make investments in businesses that may compete with our Group in China and Japan. In addition, we may expand into jurisdictions in which GIC group may already, or in the future, have interests in competing businesses. In this regard, we believe that any potential conflicts of interests arising from the above relationship between us and GIC, GIC Real Estate, GIC Realty, Recosia and Recosia China are mitigated for the following reasons:

(a) as fund managers for the Singapore Government, GIC is a financial investor, with the primary responsibility of preserving and enhancing the foreign reserves of Singapore and GIC Realty holds the real estate investments which are managed by GIC Real Estate;

(b) neither GIC Real Estate nor GIC Realty will have any executive role in our Company or involvement in the day-to-day management of our Company;

(c) GIC Real Estate will not have majority representation on the Company's Board of Directors;

(d) while GIC Real Estate may nominate directors to our Company's Board of Directors, it will not be in a position to directly appoint directors to our Company's Board of Directors as such appointment would be subject to the requirements and provisions of the Articles of Association of our Company and the Singapore Companies Act;

(e) our Directors have a duty to disclose their interests in respect of any contract or proposed contract or any other proposal whatsoever in which they have any personal material interest (directly or indirectly), or any duties or interests arising from any office or property held by them which might conflict with their duties of interests as a Director. Upon such disclosure, such Directors shall not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract or proposed contract or any other proposal whatsoever in which the conflict of interests arises;

(f) the Audit Committee will review all interested person transactions for potential conflicts of interests. If a member of the Audit Committee has an interest in a transaction, he will abstain from participating in the review and approval process of the Audit Committee in relation to that transaction;

(g) we have established an annual internal audit plan which establishes the guidelines and procedures to monitor interested person transactions. See "—Review Procedures for Future Interested Person Transactions" for more details;

(h) upon the listing of our Company on the Main Board of the SGX-ST, we will be subject to the SGX-ST listing rules on interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek shareholders' approval for certain material interested person transactions. The Audit Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to us, and not prejudicial to our interests and the interests of our minority shareholders;

(i) the Nominating Committee will review and recommend nomination for re-appointment or re-election or renewal of appointment of our Directors;

(j) our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors are also subject to a duty of confidentiality that, save to the extent permitted under Singapore law, precludes a Director from disclosing to any third party (including any of our shareholders or their associates) information that is confidential to us; and

(k) our Audit Committee will, following the listing of our Company on the Main Board of the SGX-ST, undertake the following additional responsibilities:

    (i) review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest within the Group and propose, where appropriate, the relevant measures for the management of such conflicts; and

    (ii) review and resolve all conflicts of interest matters referred to it.

# SHARE CAPITAL AND SHAREHOLDERS

## Share Capital of our Company

Our Company (Registration No. 200715832Z) was incorporated in Singapore on August 28, 2007 under the Singapore Companies Act as a private company limited by shares under the name Reco China Logistics Private Limited. On September 15, 2010, we changed our name to Global Logistic Properties Pte. Ltd. On September 17, 2010, we converted into a public company limited by shares and changed our name to Global Logistic Properties Limited. As of the date of incorporation and as of the Latest Practicable Date, our issued and paid-up share capital was S$2.00 comprising two Shares. As of the date of this offering document, our issued and paid-up ordinary share capital was S$2.00 comprising 366,071,352 Shares (after adjusting for the Share Split). Following the completion of the Share Split and the issuance of the Reorganization Shares, our issued and paid-up share capital will be approximately S$4.40 billion comprising 2,782,440,664 Shares.

Pursuant to written resolutions dated September 16, 2010 and September 24, 2010 (collectively, the "Resolutions"), our sole shareholder approved, among other things, the following:

(a) the conversion of our Company into a public company limited by shares and the adoption of a new set of Articles of Association;

(b) the change of our name to "Global Logistic Properties Limited";

(c) the sub-division of each ordinary share in the capital of our Company into 183,035,676 Shares (the "Share Split");

(d) that pursuant to Section 161 of the Singapore Companies Act, authority be given to the Directors to:

(I) issue Shares whether by way of rights, bonus or otherwise; and/or

(II) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such person(s) as the Directors may in their absolute discretion deem fit; and

(notwithstanding the authority conferred by such authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to such authority (including new Shares to be issued in pursuance of Instruments made or granted pursuant to such authority):

(A) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100 per cent. of the total number of issued Shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below); and

(B) otherwise than by way of Renounceable Rights Issues ("Other Share Issues") shall not exceed 50 per cent. of the total number of issued Shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company may not exceed 20 per cent. of the total number of issued Shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below);

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100 per cent. of the total number of issued Shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below);

(3) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1)(A) and (1)(B) above, the percentage of issued Shares in the capital of the Company shall be based on the total number of issued Shares in the capital of the Company excluding treasury shares immediately following the close of the Offering, after adjusting for:

(i) new Shares arising from the exercise of the Over-allotment Option;

(ii) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time such authority is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares in the capital of the Company;

(4) in exercising the authority conferred by such authority, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association; and

(5) (unless revoked or varied by the Company in General Meeting) the authority conferred by such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

(e) that authority be given to the Directors to issue Shares to any person for the purposes of or in connection with:

(1) the acquisition of the Japan Funds;

(2) the acquisition of the entire issued share capital of GLPH; and

(3) the repayment of shareholders' loans and intercompany advances,

in each case on such terms and conditions and with such rights or restrictions as the Directors may think fit to impose;

(f) that authority be given to the Directors to issue Shares to any person for the purposes of or in connection with the potential acquisition described in "Summary—Recent Developments" in each case on such terms and conditions and with such rights or restrictions as the Directors may think fit to impose;

(g) that authority be given to the Directors to issue Shares and offer the same to such persons, on such terms and conditions and with such rights or restrictions as they may think fit to impose, in connection with the Offering, the cornerstone subscriptions and the admission of the Company to the Official List of the SGX-ST;

(h) the adoption of the Performance Share Plan and Restricted Share Plan and that authority be given to our Directors to allot and issue new Shares as may be required to be issued pursuant to the Awards granted under the Performance Share Plan and Restricted Share Plan, provided that the total number of Shares which may be allotted and issued shall not exceed 15% of the total number of issued shares on the date preceding the date of the relevant award.

Details of the changes in our issued and paid-up capital from the date of our incorporation and up to the date of the completion of the Corporate Reorganization.

| Purpose of Issue | Number of Shares | Resultant Issued Share Capital (S$) (in billion) |
|---|---|---|
| Number of Shares issued and fully paid on incorporation on August 28, 2007 | 2 | * |
| Resultant number of Shares issued and fully paid following the Share Split on September 24, 2010 | 366,071,352 | * |
| Resultant number of Shares issued and fully paid following the Share Split and the issuance of the Reorganization Shares | 2,782,440,664 | 4.40 |

* Amounts to S$2.00.

## Current Shareholders

The table below sets out the names of each substantial shareholder of our Company, which means a shareholder who is known by us to beneficially own 5.0% or more of our issued Shares and each Director of the Company who has an interest in our Shares, the Vendor and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) immediately before and immediately after the completion of the Corporate Reorganization, the Offering and the issue of the Cornerstone Shares.

All Shares owned and to be acquired by our substantial shareholders and Directors carry the same voting rights as the Offering Shares. As of the date of this offering document, our issued and paid-up ordinary share capital was S$2.00, comprising 366,071,352 Shares which were held by Recosia China. The shareholdings of our Directors, substantial shareholders, persons who will be allotted and issued Shares pursuant to the Corporate Reorganization, and the Cornerstone Investors before the Offering and immediately after the completion of the Corporate Reorganization and the Offering and the sale of the Cornerstone Shares are set out in the table below:

| | Shares Owned Immediately After the Issuance of the Reorganization Shares and Before the Offering | | Shares Owned Immediately After the Issuance of the Reorganization Shares and the Completion of the Offering and After the Sale of the Cornerstone Shares | | | |
|---|---|---|---|---|---|---|
| | | | (Assuming the Over-allotment Option is Not Exercised) | | (Assuming the Over-allotment Option is Exercised in Full) | |
| **Name** | **No. of Shares** | **%** | **No. of Shares** | **%** | **No. of Shares** | **%** |
| **Directors:** | | | | | | |
| Ang Kong Hua | 0 | 0 | 0 | 0 | 0 | 0 |
| Jeffrey H. Schwartz[(1)] | 189,853,251 | 6.8 | 151,882,251 | 3.4 | 151,882,251 | 3.4 |
| Ming Z. Mei[(1)] | 189,853,251 | 6.8 | 151,882,251 | 3.4 | 151,882,251 | 3.4 |
| Dr. Seek Ngee Huat | 0 | 0 | 0 | 0 | 0 | 0 |
| Lim Swe Guan (*alternate director to Dr. Seek Ngee Huat*) | 0 | 0 | 0 | 0 | 0 | 0 |
| Tham Kui Seng | 0 | 0 | 0 | 0 | 0 | 0 |
| Wei Benhua | 0 | 0 | 0 | 0 | 0 | 0 |
| Yoichiro Furuse | 0 | 0 | 0 | 0 | 0 | 0 |
| Steven Lim Kok Hoong | 0 | 0 | 0 | 0 | 0 | 0 |
| Dr. Dipak Jain | 0 | 0 | 0 | 0 | 0 | 0 |
| Paul Cheng Ming Fun | 0 | 0 | 0 | 0 | 0 | 0 |
| **Other Shareholders:** | | | | | | |
| Recosia China | 884,991,979 | 31.8 | 884,991,979 | 19.6 | 884,991,979 | 19.6 |
| Reco Platinum[(2)] | 588,343,075 | 21.1 | 588,343,075 | 13.1 | 353,695,075 | 7.8 |
| Reco Benefit[(2)] | 897,816,512 | 32.3 | 897,816,512 | 19.9 | 897,816,512 | 19.9 |

| Name | Shares Owned Immediately After the Issuance of the Reorganization Shares and Before the Offering | | Shares Owned Immediately After the Issuance of the Reorganization Shares and the Completion of the Offering and After the Sale of the Cornerstone Shares (Assuming the Over-allotment Option is Not Exercised) | | (Assuming the Over-allotment Option is Exercised in Full) | |
|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Reco Heir[(2)] | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Reco Logistics Management[(2)] | 189,853,251 | 6.8 | 189,853,251 | 4.2 | 189,853,251 | 4.2 |
| GLP ABC[(3)] | 31,582,596 | 1.1 | 31,582,596 | 0.7 | 31,582,596 | 0.7 |
| SMG[(1)] | 189,853,251 | 6.8 | 151,882,251 | 3.4 | 151,882,251 | 3.4 |
| Alibaba Group Treasury Limited | 0 | 0.0 | 13,500,000 | 0.3 | 13,500,000 | 0.3 |
| Bosera Asset Management Co., Ltd | 0 | 0.0 | 100,000,000 | 2.2 | 100,000,000 | 2.2 |
| CB Richard Ellis Global Real Estate Securities, LLC[(4)] | 0 | 0.0 | 40,500,000 | 0.9 | 40,500,000 | 0.9 |
| Chow Tai Fook Nominee Limited | 0 | 0.0 | 68,250,000 | 1.5 | 68,250,000 | 1.5 |
| Jovina Investments Limited | 0 | 0.0 | 68,250,000 | 1.5 | 68,250,000 | 1.5 |
| ING Clarion Real Estate Securities, LLC | 0 | 0.0 | 85,312,000 | 1.9 | 85,312,000 | 1.9 |
| Lion Global Investors Limited | 0 | 0.0 | 35,714,000 | 0.8 | 35,714,000 | 0.8 |
| Owl Creek Asset Management, L.P. | 0 | 0.0 | 109,200,000 | 2.4 | 109,200,000 | 2.4 |
| Vervain Equity Investment Limited | 0 | 0.0 | 20,475,000 | 0.5 | 20,475,000 | 0.5 |
| View Far Management Limited | 0 | 0.0 | 47,775,000 | 1.1 | 47,775,000 | 1.1 |
| New investors in the Offering | 0 | 0.0 | 1,173,244,000 | 26.0 | 1,407,892,000 | 31.2 |

Notes:

(1) SMG is controlled by Jeffrey H. Schwartz and Ming Z. Mei. Accordingly, each of Jeffrey H. Schwartz and Ming Z. Mei is deemed to be interested in our Shares held by SMG.

(2) This shareholder is a wholly-owned subsidiary of Recosia, which is also the holding company of Recosia China. Recosia is a wholly-owned subsidiary of GIC Realty. GIC Real Estate manages the investments of GIC Realty, and is wholly-owned by GIC. Accordingly, each of Recosia, GIC Realty, GIC Real Estate and GIC has a deemed interest in the Shares held by Recosia China, Reco Platinum, Reco Benefit and Reco Logistics Management. Each of GIC and GIC Realty is wholly-owned by the Minister for Finance (Incorporated) Singapore.

(3) These Shares are held by GLP ABC, which is organized under a trust for the benefit of approximately 330 eligible employees of our Company, and will be restricted. The Shares allocable to each eligible employee will become unrestricted in four equal installments at each anniversary of the Listing Date. In the event an eligible employee resigns or is terminated from employment by the Group, GLP ABC will transfer all remaining restricted Shares allocable to such employee to GLP Children's Foundation, a foundation to be established and administered by us for the benefit of children's charities in Japan and China. At the sole discretion of our Compensation Committee, we may remove restrictions on Shares for any eligible employee.

(4) CBRE Limited and CBRE PL have represented to us that, notwithstanding CBRE GRES's participation as a Cornerstone Investor, each of CBRE Limited and CBRE PL is an independently managed and operated affiliate of the CBRE Group, and the management and operations of CBRE Limited and CBRE PL are independent of the management and operations of CBRE GRES.

## Significant Changes in Percentage of Ownership

Save as discussed in "History and Corporate Reorganization", there were no significant changes in the percentage ownership of our Company held by our Directors and substantial shareholder since the date of incorporation and up to the Latest Practicable Date.

## Vendor

The following table sets out the number of Shares that the Vendor will be selling in the Offering:

| Name | No. of Shares Offered | Vendor Shares Expressed as a Percentage of Pre-Offering Share Capital | Post-Offering Share Capital |
|---|---|---|---|
| SMG | 37,971,000 | 1.4% | 0.8% |

In addition, Reco Platinum will be providing 234,648,000 Shares, or 8.4% of the Share Capital after the Share Split and the issuance of the Reorganization Shares and 5.2% of the post-Offering Share capital (immediately after the completion of the Offering and the sale of the Cornerstone Shares), in connection with the Over-allotment Option. See "Plan of Distribution—Over-allotment Option".

SMG is controlled by Jeffrey H. Schwartz (as to 50% of its voting share capital) and Ming Z. Mei (as to the remaining 50% of its voting share capital).

**Information on Cornerstone Investors**

***Alibaba Group Treasury Limited***

Alibaba Group Treasury Limited is a wholly-owned subsidiary of Alibaba Group Holding Limited (together with its subsidiaries and controlled entities, "Alibaba Group"). Alibaba Group is a global e-commerce leader and the largest e-commerce company in China. Since it was founded in 1999, Alibaba Group has grown to include the following core businesses: Alibaba.com (HKSE: 1688; 1688.hk), Alibaba Group's flagship company and the world's leading B2B e-commerce company; Taobao, China's largest Internet retail Web site and a one-stop platform for shopping, socializing and information sharing; Alipay, China's leading third-party online payment service; Alibaba Cloud Computing, a developer of advanced data-centric cloud computing services; and China Yahoo!, one of China's leading Internet portals.

***Bosera Asset Management Co., Ltd***

Bosera Asset Management Co., Ltd, in its capacity as the discretionary manager of certain equity portfolio of the National Council for Social Security Fund of the People's Republic of China (the "SSF"), entered into a Cornerstone Subscription Agreement with our Company. The SSF was established on August 1, 2000 to manage and operate the assets of the National Social Security Fund of China, a strategic reserve fund set up by the PRC Government to support future social security expenditures and other social security needs.

***CBRE GRES***

CBRE GRES manages over US$2 billion of global property securities on behalf of institutional investors around the world. CBRE GRES was established in 2004 and has dedicated REIT investment management offices in Baltimore Maryland (USA), London England, Sydney Australia, and Tokyo Japan. The firm's Global REIT Team has extensive experience in managing global property securities portfolios. CBRE GRES leverages the global platform and real-time, on the ground market knowledge of the firm's parent company, the CBRE Group, the world's largest real estate services firm (as measured by 2009 revenues). CBRE GRES has represented to us that it is an independently operated affiliate of the CBRE Group, and its management and operations are independent of, and its investment decisions are made independently from, the management and operations of CBRE Limited and CBRE PL, which are named as an Industry Consultant and an Independent Valuer, respectively.

***Chow Tai Fook Nominee Limited***

Chow Tai Fook Nominee Limited is a company incorporated in Hong Kong which is beneficially and wholly-owned by Dato Dr. Cheng Yu Tung and is principally engaged in investment holding business.

***Jovina Investments Limited***

Jovina Investments Limited is an investment company incorporated in the British Virgin Islands that is wholly-owned by Lim Eng Hock (also known as Peter Lim).

***ING Clarion Real Estate Securities, LLC***

ING Clarion Real Estate Securities, LLC ("ING Clarion Real Estate Securities"), in its capacity as investment adviser to certain investors, entered into a Cornerstone Subscription Agreement with our Company. ING Clarion Real Estate Securities is a U.S. registered investment management firm specializing in the management of equity real estate securities. Headquartered near Philadelphia, Pennsylvania (U.S.A) the firm has approximately US$16 billion in assets under management and over 70 employees located in offices in the United States, United Kingdom, Hong Kong, and Japan.

ING Clarion Real Estate Securities is the real estate equity management arm of ING Real Estate Investment Management, a global real estate investment management company. With a total business portfolio of more than US$92 billion and offices in 22 countries in Europe, the Americas, Asia and Australia, ING Real Estate Investment Management ranks among the world's strongest real estate companies.

ING Real Estate Investment Management is part of ING Group, a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries.

***Lion Global Investors Limited***

Lion Global Investors Limited ("Lion Global Investors"), acting solely in its capacity as investment manager for and on behalf of its clients, entered into a Cornerstone Subscription Agreement with our Company. Lion Global Investors, one of the largest asset management companies in Southeast Asia, is 70% owned by Great Eastern Holdings Limited and 30% owned by Orient Holdings Private Limited, a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited. Lion Global Investors has a total staff strength of about 140 with about 50 experienced investment professionals including portfolio managers, analysts and traders managing assets of about S$28 billion as at June 30, 2010. Offering a comprehensive suite of investment products covering all asset classes, Lion Global Investors' clients include government and government-linked corporations, public and private companies, charitable organisations and individual investors.

***Owl Creek Asset Management, L.P.***

Owl Creek Asset Management, L.P. ("Owl Creek"), on behalf of the funds it manages, entered into a Cornerstone Subscription Agreement with our Company. Owl Creek is an investment firm with over $6 billion under management that makes opportunistic, event-driven investments across industries and across all parts of a company's capital structure. The firm has a flagship fund with approximately $6.2 billion under management that invests globally as well as a dedicated Asia fund with approximately $220 million under management. The portfolio invests in both long and short value equities and long and short distressed debt. Within both categories, Owl Creek operates as a bottom-up value investor, searching for undervalued investment opportunities and seeking situation-specific investments which are marginally or not correlated to the overall markets. Jeff Altman launched Owl Creek in 2002 and is the managing partner. He is joined by Dan Krueger, Jeff Lee, and Shai Tambor as partners on the investment team and by Dan Sapadin as partner and Chief Financial Officer. Additionally, there are three traders, three assistant traders and thirteen analysts who bring the investment team to 23, each bringing a unique perspective to the fund. Owl Creek has offices in New York, Hong Kong and London.

***View Far Management Limited and Vervain Equity Investment Limited***

View Far Management Limited is a company incorporated in the British Virgin Islands beneficially owned by Mr. Chen Din Hwa. Vervain Equity Investment Limited is a company incorporated in the British Virgin Islands directly owned by Ms. Chen Wai Wai Vivien. View Far Management Limited and Vervain Equity Investment Limited are members of the Nan Fung Group.

The Nan Fung Group is one of the largest property developers in Hong Kong. Major activities of the group are real estate development/investments, construction and property management, shares/securities investments.

The Cornerstone Investors may subscribe for and/or purchase Offering Shares in the Offering.

### Change in Control of the Company

To our knowledge, our Company will not be owned or controlled by any corporation (other than as disclosed above) immediately after the completion of the Offering and the sale of the Cornerstone Shares. Other than as described above, our Company is not indirectly or directly owned or controlled, whether severally or jointly, by any government or other natural or legal person.

We are not currently aware of any arrangements, the operation of which may at a subsequent date result in a change of control of our Company.

## DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of shareholders conferred by the laws of Singapore and the Company's Articles of Association. These statements summarize the material provisions of the Articles of Association but are qualified in their entirety by reference to the Articles of Association and the laws of Singapore. See "Appendix E—Summary of the Constitution of Our Company".

### Shares

Our Shares, which have identical rights in all respects, rank equally with one another. Our Articles of Association provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board of Directors may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

All of our Shares are in registered form. We may, subject to the provisions of the Singapore Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### New Shares

New Shares may only be issued with the prior approval in a general meeting of our shareholders. Our shareholders have given our Directors authority to allot and issue shares and/or convertible securities in our Company where the maximum number of Shares to be issued upon conversion is determinable at the time of the issue of such convertible securities (whether by way of rights, bonus or otherwise), and Shares may be issued at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of Shares and/or convertible securities to be issued shall not exceed 50.0% of the issued share capital of our Company, of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20.0% of the issued share capital of our Company, and provided that the aggregate number of Shares to be issued on a pro rata basis to existing shareholders of our Company by way of a renounceable rights issue does not exceed 100.0% (or such other limit permitted by the SGX-ST from time to time) (the percentage of issued share capital being based on the issued share capital immediately following the close of the Offering after adjusting for new Shares arising from the exercise of the Over-allotment Option and the conversion of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time such authority is given and any subsequent bonus issue, consolidation or subdivision of shares). Unless revoked or varied by us in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

### Shareholders

We only recognize the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognize the persons named as the depositors in the depository register maintained by CDP for our Shares as holders of our Shares.

We will not, except as required by law, recognize any equitable, contingent, future or partial interest in any of our Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the depository register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least ten clear Market Days' notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine shareholders' entitlement to receive dividends and other distributions.

**Transfer of Shares**

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which our Shares are listed or as provided in our Articles of Association. Our Board of Directors may in their discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which our Shares are listed or in any other form acceptable to our Directors. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S$2, and furnishes such evidence and a letter of indemnity as our Board of Directors may require.

**General Meetings of our Shareholders**

We are required to hold a general meeting of shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. Our Board of Directors may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of shareholders representing not less than 10.0% of the total voting rights of all shareholders. In addition, two or more shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our shareholders.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding up;
- amendments to our Memorandum of Association and our Articles of Association;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as our Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

## Voting Rights

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy or attorney, representing one-third or more of our total issued Shares to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every shareholder present in person or by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the chairman of the meeting (or by a person authorized by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and

- on a poll, every shareholder present in person or by proxy or attorney shall have one vote for each Share which he holds or represents.

A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;

- by not less than two shareholders present in person or by proxy or attorney and entitled to vote at the meeting;

- by any shareholder present in person or by proxy or attorney and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; and

- by any shareholder present in person or by proxy or attorney and holding not less than 10.0% of the total number of paid-up Shares (excluding treasury shares.)

In the case of an equality of votes, whether on a show of hands or poll, the chairman of the meeting shall be entitled to a casting vote.

## Limitations on Rights to Hold Shares

Singapore law and our Articles of Association do not impose any limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights attached to our Shares.

## Dividends

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may also declare an interim dividend without the approval of our shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are pro rata in amount to our shareholders in proportion to the amount paid up or credited as paid on each shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a check or warrant sent through the post to each shareholder at his registered address appearing in our register of members or (as the case may be) the depository register. However, our payment to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

**Bonus and Rights Issue**

Our Board of Directors may, with the approval from our shareholders at a general meeting, capitalize any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account and distribute the same as bonus Shares credited as paid-up to the shareholders in proportion to their shareholdings.

Our Board of Directors may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by us approved by our shareholders in such manner and on such terms as our Board of Directors shall think fit.

Our Board of Directors may also issue rights to take up additional Shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which our Shares are listed.

**Take-overs**

The Singapore Take-Over Code, the Singapore Companies Act and the Securities and Futures Act regulate, among other things, the acquisition of ordinary shares of public companies incorporated in Singapore. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of our voting Shares or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting Shares, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period, must, except with the consent of the Securities Industry Council of Singapore, extend a mandatory take-over offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-Over Code.

"Parties acting in concert" comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

- a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- a company and its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;
- a financial or other professional adviser, including a stockbroker, and its clients in respect of shares held by (i) the adviser and persons controlling, controlled by or under the same control as the adviser and (ii) all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

- directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

- partners; and

- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

Subject to certain exceptions, a mandatory take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Take-Over Code, where effective control of a public company incorporated in Singapore is acquired by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

**Liquidation or Other Return of Capital**

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

**Indemnity**

As permitted by Singapore law, our Articles of Association provide that, subject to the Singapore Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal:

- which relate to anything done or omitted or alleged to have been done or omitted by them as an officer, director or employee; and

- in which judgment is given in their favor or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court.

We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us. However, we may purchase and maintain for our Directors and executive officers insurance against any such liability.

**Substantial Shareholdings**

Under the Singapore Companies Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more voting shares in our Company and the total votes attached to that share or those shares is not less than 5.0% of the aggregate of the total votes attached to all voting shares in our Company.

The Singapore Companies Act and the Securities and Futures Act require such substantial shareholders to give notice to us and the SGX-ST, including full particulars of their interest and the circumstances by which they have acquired such interest, within two Singapore business days of their becoming our substantial shareholders, being aware of any change in the percentage level of their interest and ceasing to be substantial shareholders.

"Percentage level", in relation to a substantial shareholder, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

The Securities and Futures (Amendment) Act 2009 was gazetted on 23 February 2009 and will, inter alia, migrate the substantial shareholder disclosure requirements to the Securities and Futures Act. The amendments affecting substantial shareholder disclosure requirements have yet to take effect.

Once these amendments take effect, a substantial shareholder of our Company will no longer be required to notify the SGX-ST of his interests, or changes in his interests, in voting shares of our Company. Instead, a substantial shareholder need only give notice to our Company and we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

While the definition of an "interest" in our voting shares for the purposes of substantial shareholder disclosure requirements under the Securities and Futures Act is similar to that under the Singapore Companies Act, the Securities and Futures Act provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

In addition, the deadline for a substantial shareholder to make disclosure to our Company under the Securities and Futures Act will be changed to two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a substantial shareholder;

- of any change in the percentage level in his interest; or

- that he had ceased to be a substantial shareholder,

there being a conclusive presumption of a person being "aware" of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

**Minority Rights**

Section 216 of the Singapore Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our shareholders; or

- if we take an action, or threaten to take an action, or our shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Singapore Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of our affairs in the future;
- authorize civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- direct us or some of our shareholders to purchase a minority shareholder's shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;
- direct that our Memorandum of Association and our Articles of Association be amended; and
- direct that we be wound up.

**Legal Framework**

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board of Directors, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes.

The Singapore Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise its memorandum and articles of association.

The memorandum of association of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The articles of association generally contain provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalization of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

## CERTAIN ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), impose restrictions on (i) employee benefit plans (as defined in Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA ("ERISA Plans"), (ii) plans described in Section 4975 of the Code, including individual retirement accounts, "Keogh" plans and pension plans, which are subject thereto (together with ERISA Plans, "Plans"), (iii) any entities whose underlying assets include, or are deemed to include, "plan assets" by reason of such employee benefit plan's or plan's investment in the entity under US Department of Labor Regulations § 29 C.F.R. 2510.3-101(a) et seq. as modified by Section 3(42) of ERISA, (together with Plans, the "Benefit Plan Investors") and (iv) persons who have certain specified relationships to such Plans ("parties in interest" under ERISA and "disqualified persons" under the Code; collectively, "Parties in Interest"). Section 406 of ERISA and Section 4975 of the Code prohibit Plans from, among other things, engaging in certain transactions involving "plan assets" with persons who are Parties in Interest with respect to such Plan. The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. A violation of these "prohibited transaction" rules may result in the imposition of an excise tax, the recession of the transaction or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless relief is available under an applicable statutory or administrative exemption or exception.

Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realized by the Plan or profits realized by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may apply depending in part on the type of plan fiduciary making the decision to acquire the Offering Share and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA (relating to certain transactions between a plan and a non-fiduciary service provider), Prohibited Transaction Class Exemption ("PTCE") 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Shares.

Certain other employee benefit plans which are not Benefit Plan Investors, including governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-US plans (as described in Section 4(b)(4) of ERISA) may be subject to federal, state, local or non-US laws or regulations which are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law"). Fiduciaries of such plans should consult with their counsel before purchasing any of the Offering Shares or any interest therein.

Additionally, investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to purchase the Offering Shares, must be satisfied that investment in the Shares is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the purchase of the Offering Shares, are diversified so as to minimize the risk of large losses and that a purchase of the Offering Shares complies with the ERISA Plan and related trust documents.

Under Section 3(42) of ERISA and regulations issued by the US Department of Labor (as modified by Section 3(42) of ERISA, the "Plan Asset Regulations"), when Benefit Plan Investors acquire a significant interest (i.e., 25.0% or more of any class of equity in an entity), the underlying assets owned by that entity will be treated as if they were plan assets of such Benefit Plan Investors, unless it is established that the entity is an "operating company" or another exception applies. For purposes of making the determination whether Benefit Plan Investors' holdings are "significant" , (i) the value of any equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or any person that provides investment advice for a fee (direct or indirect) with respect to the assets of the Company, or any affiliate of any such person (each such person, a "Controlling Person"), shall be disregarded and (ii) an entity is considered to hold plan assets only to the extent of the percentage of its equity that is held by Benefit Plan Investors. Under the Plan Asset Regulations, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control" with respect to a person, other than an individual, means the power to exercise a controlling influence over the management or policies of such person. If the assets of our Company were deemed to be plan assets of such Benefit Plan Investors, our Company would be subject to certain fiduciary obligations under ERISA, and certain transactions that our Company might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulations, an "operating company" is defined as "an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital". The term "operating company" also includes a "real estate operating company" (or "REOC"), which is an entity that has more than 50% of its investments (at cost) invested in real estate which is actively managed or developed and with respect to which the REOC (i) has the right to substantially participate in management or development activities and (ii) with respect to at least one such investment, actually engages in management or development activities. An entity is generally regarded as being able to qualify as a REOC only if it so qualified as of the date of its first investment (other than a short-term investment pending long-term commitment) and on one day during an annual testing period. Although not free from doubt, we are proceeding based on the position that the Company does not qualify as an "operating company" or "real estate operating company" for purposes of the Plan Asset Regulations. In addition, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Offering Shares are acquired by a Benefit Plan Investor with respect to which the Company is a Party in Interest. As such, each purchaser and subsequent transferee of any Regulation S Offering Shares will be deemed by such purchase or acquisition of any Regulation S Offering Shares to have represented and warranted, on each day from the date on which the purchaser or transferee acquires the Regulation S Offering Shares through and including the date on which the purchaser or transferee disposes of such Offering Shares, that it is not, is not using the assets of, and shall not at any time hold the Regulation S Offering Shares for or on behalf of a (i) Benefit Plan Investor or (ii) a governmental, church or non-US plan that is subject to any Similar Law. Unless under this subsection (ii) only, such acquisition and holding of the Regulation S Offering Shares would not violate the applicable provisions of such Similar Law). Purchasers of Rule 144A Offering Shares will be required to represent and warrant on each day from the date on which the purchaser acquires such Offering Shares through and including the date on which the purchaser disposes of such Offering Shares: (i) whether and to what extent it is, or is using the assets of, a Benefit Plan Investor, (ii) whether it is a Controlling Person, (iii) that its acquisition and holding of any Shares does not and will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code (or in the case of any governmental, church or non-US plan, will not result in a violation of any Similar Law) and (iv) that it will not knowingly transfer the Rule 144A Offering Shares to a Benefit Plan Investor or Controlling Person. Transferees of Offering Shares other than initial purchasers in this Offering will be deemed by its acquisition of any Rule 144A Offering Shares on each day from the date on which the transferee acquires such Offering Shares through and including the date on which the purchaser disposes of such Offering Shares that: (i) it is not, is not using the assets of, and shall not at anytime hold the assets for or on behalf of a Benefit Plan Investor or a Controlling Person or (ii) it is a governmental, church or non-US plan and its acquisition of the Offering Shares will not result in a violation of any Similar Law. No sale of an Offering Shares will be permitted or recognized if it would result in Benefit Plan Investors being deemed to hold a "significant" interest in the Company. Any purported purchase or transfer of Offering Shares that does not comply with the foregoing shall be null and void ab initio.

THE ABOVE DISCUSSION IS A SUMMARY OF SOME OF THE MATERIAL ERISA CONSIDERATIONS APPLICABLE TO PROSPECTIVE PURCHASERS THAT ARE PLANS. IT IS NOT INTENDED TO BE A COMPLETE DISCUSSION NOR TO BE CONSTRUED AS LEGAL ADVICE OR A LEGAL OPINION. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN COUNSEL ON THESE MATTERS.

## Singapore Taxation

*The statements made herein regarding taxation are general in nature and based on certain aspects of the tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date of this offering document and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations, and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of our Shares or of any person acquiring, selling or otherwise dealing with our Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of our Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities) may be subject to special rules. Prospective shareholders are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of our Shares. The statements below are based on the assumption that our Company is a tax resident in Singapore for Singapore income tax purposes. It is emphasized that neither our Company nor any other persons involved in this offering document accept responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.*

### *Individual income tax*

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after January 1, 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore ("Comptroller") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 20%. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 20%.

### *Corporate income tax*

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after June 1, 2003 are exempt from tax if certain prescribed conditions are met, including the following:

(i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and

(ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate is 17% with effect from year of assessment 2010. In addition, three-quarters of up to the first S$10,000, and one-half of up to the next S$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income will be fully taxable at the corporate tax rate.

New companies will also, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S$100,000 a year for each of the company's first three years of assessment.

***Dividend distributions***

Dividends received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore.

Under the one-tier corporate tax system, the tax on corporate profits is final and dividends paid by a Singapore resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

***Gains on disposal of Shares***

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which are regarded as the carrying on of a trade or business and the gains are sourced in Singapore.

In addition, shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments - Recognition and Measurement ("FRS 39") for the purposes of Singapore income tax may be required to recognize gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

***Stamp duty***

There is no stamp duty payable on the subscription of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of S$0.20 for every S$100 or part thereof of the consideration for, or market value of, our Shares, whichever is higher. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of our Shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP.

***Estate duty***

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

***Goods and services tax ("GST")***

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where our Shares are supplied by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business carried on by such investor may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate of 7%. Similar services rendered contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to satisfaction of certain conditions, be subject to GST at 0%.

## CERTAIN US FEDERAL INCOME TAX CONSEQUENCES

***The discussion of US tax matters set forth in this offering document was written in connection with the promotion or marketing of the transactions described herein and was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax-related penalties under US federal, state or local tax law. Each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.***

The following summary describes certain US federal income tax consequences that may be relevant to the acquisition, ownership and disposition of the Shares by US Holders (as defined below). This description addresses only the US federal income tax considerations applicable to US Holders that are initial purchasers of Shares pursuant to this Offering and that will hold the Shares as capital assets for US federal income tax purposes. This description does not address state, local and non-US tax considerations that may be applicable to holders of the Shares and does not address all of the tax considerations applicable to holders that may be subject to special tax rules, including: financial institutions; insurance companies; real estate investment trusts or regulated investment companies; dealers or traders in securities or currencies; tax-exempt entities; persons that hold the Shares as part of a hedging or conversion transaction or as a position in a straddle for US federal income tax purposes; persons that have a functional currency other than the US dollar; holders that own or are deemed to own ten percent or more of the Shares.

This description is based on the Internal Revenue Code of 1986, as amended (the "Code"), existing, proposed and temporary US Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. US federal tax laws and the interpretation thereof are subject to change, which change could apply retroactively and could affect the tax consequences described below.

As used herein, the term "US Holder" means a beneficial owner of Shares that is for US federal income tax purposes: (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate whose income is subject to US federal income tax regardless of its source, or (iv) a trust if both a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If an entity that is classified as a partnership for US federal income tax purposes invests in the Shares, the US federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. A partnership considering an investment in Shares should consult its tax advisors about the consequences to its partners of the acquisition, ownership or other disposition of Shares by the partnership.

***This description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Shares. Prospective investors should consult their own tax advisors with respect to the US federal, state, local and non-US tax consequences of acquiring, owning or disposing of the Shares in their particular circumstances.***

**Taxation of Distributions**

Subject to the discussion below under the paragraph headed "Passive Foreign Investment Company", the US dollar value of distributions paid on the Shares generally will be includable in a US Holder's ordinary income as a foreign-source dividend to the extent paid out of our current or accumulated earnings and profits (as determined under US federal income tax principles) at the time the US Holder actually or constructively receives such amount. We do not intend to compute our earnings and profits under US federal income tax principles, and therefore US Holders should not expect to have sufficient information to treat a distribution as not coming out of earnings and profits. US Holders should consult their tax advisors regarding how to account for dividends paid in currencies other than US dollars. The dividends will not be eligible for the dividends received deduction generally allowed to US corporations with respect to dividends received from other US corporations nor will they be eligible for lower rates of taxation applicable to certain dividends.

**Disposition of the Shares**

Subject to the discussion below under the paragraph headed "Passive Foreign Investment Company", for US federal income tax purposes, a US Holder will generally recognize capital gain or loss on the sale or other disposition of the Shares, which will be long-term capital gain or loss if the US Holder has held the Shares for more than one year. The amount of the US Holder's gain or loss will be equal to the difference between the US Holder's adjusted tax basis in the Shares disposed of and the US dollar value of the amount realized on the sale or other disposition of the Shares. A US Holder's adjusted tax basis in the Shares generally should equal the US dollar value of the price the US Holder paid to acquire the Shares. US Holders should consult their tax advisors regarding how to account for disposition proceeds received in currency other than the US dollar. Any gain or loss generally will be US source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

**Passive Foreign Investment Company**

There is a significant risk that we will be classified as a PFIC for US federal income tax purposes. A non-US corporation generally will be classified as a PFIC if in any taxable year, after applying certain look-through rules, either (i) at least 75% of its gross income is "passive income" or (ii) on average at least 50% of the quarterly gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. For this purpose, passive income generally includes, among other items, dividends, interest, certain rents, royalties and gains from the disposition of passive assets, including property held to produce rental income.

If we are classified as a PFIC for any taxable year during which a US Holder owns Shares, to the extent a mark-to-market election (as discussed below) does not apply to the US Holder's investment in the Shares, the US Holder will be subject to special tax rules with respect to (i) "excess distributions" received and (ii) any gain realized from a sale, exchange or other disposition (including a pledge) of the Shares. Excess distributions are distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the US Holder's holding period for the Shares. Under these rules (the "Excess Distribution Rules"), (i) the excess distribution or gain will be allocated ratably over the US Holder's holding period for the Shares; (ii) the amount allocated to the year of the distribution or gain will be treated as ordinary income; and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year as well as an interest charge (at the rate generally applicable to underpayments of tax due in such year) which will be imposed on the resulting tax liability.

If we are classified as a PFIC and the Shares are "marketable securities" for purposes of the PFIC rules, a US Holder may make an election to include gain or loss on the Shares as ordinary income or loss under a mark-to-market method of accounting. The Shares will be marketable securities to the extent they are regularly traded on a "qualified exchange". A non-US exchange will be a qualified exchange if it is properly regulated and meets certain trading, listing, financial disclosure and other requirements. The Shares generally will be treated as "regularly traded" in any calendar year in which more than a *de minimis* quantity of the Shares is traded on a qualified exchange on at least 15 days during each calendar quarter.

If a US Holder makes the mark-to-market election, the US Holder generally will recognize as ordinary income any excess of the fair market value of the Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a US Holder makes the election, the US Holder's tax basis in the Shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of Shares will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a US Holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the Shares are no longer regularly traded on a qualified exchange or the US Internal Revenue Service (the "IRS") consents to the revocation of the election.

Prospective US Holders are urged to consult their own tax advisers about the availability of the mark-to-market election and whether making the election would be advisable in their particular circumstances. In particular, US Holders should consider carefully the impact of a mark-to-market election with respect to their Shares given that there is a significant risk that we will have subsidiaries that are classified as PFICs. There is also a significant risk that even if a valid mark-to-market election is made with respect to the Shares, indirect interests in subsidiary PFICs will be subject to the Excess Distribution Rules described above. Under these rules, distribution from, and dispositions of interests in, these subsidiaries, as well as certain other transactions, are likely be treated as a distribution or disposition subject to the Excess Distribution Rules. US Holders are urged to consult their tax advisors about the application of the PFIC rules to our subsidiaries.

We do not expect to provide US Holders with the information necessary for a qualified electing fund election to be made.

### Information Reporting Requirements and Backup Withholding

Information returns may be filed with the IRS in connection with distributions to US Holders, as well as in connection with the proceeds from sales of the Shares by US Holders, unless a US Holder establishes that it is exempt from the information reporting rules. If a US Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on these payments if it fails to provide its taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against its US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is timely furnished to the IRS.

US Holders should consult their own tax advisors about any reporting or filing obligations that may result from acquiring, owning or disposing of the Shares in their particular circumstances.

## PLAN OF DISTRIBUTION

### The Offering

We and the Vendor are making an offering of 1,173,244,000 Offering Shares for purchase at the Offering Price, consisting of the Placement and the Public Offer. 1,070,869,000 Offering Shares are being offered under the Placement and 102,375,000 Offering Shares are being offered under the Public Offer. The Offering Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Global Coordinators, upon consultation with the Company, the Vendor and Reco Platinum.

### The Underwriting Agreements

We, the Vendor, Jeffrey H. Schwartz, Ming Z. Mei, Reco Platinum, the Joint Global Coordinators, the International Underwriters and Lead Manager have entered into an international underwriting agreement dated October 8, 2010 (the "Underwriting Agreement") in connection with the Placement, pursuant to which we have agreed to issue and sell and the Vendor has agreed to sell an aggregate of 1,070,869,000 Offering Shares and each of the Joint Global Coordinators, the International Underwriters and the Lead Manager has severally agreed to purchase, subject to certain conditions, the number of Offering Shares set forth opposite its name below:

| | Number of Shares |
|---|---|
| Citigroup Global Markets Singapore Pte. Ltd. | 322,779,663 |
| J.P. Morgan (S.E.A.) Limited | 322,779,663 |
| China International Capital Corporation Hong Kong Securities Limited | 146,200,200 |
| DBS Bank Ltd. | 119,618,346 |
| Nomura Securities Singapore Pte. Ltd | 68,353,341 |
| UBS AG, Singapore Branch | 91,137,787 |
| **Total** | 1,070,869,000 |

We, the Vendor, Jeffrey H. Schwartz, Ming Z. Mei, the Joint Global Coordinators, the Singapore Underwriters and the Lead Manager have also entered into an offer agreement dated October 8, 2010 (the "Offer Agreement") for the sale of 102,375,000 Offering Shares to the public in Singapore. Subject to the terms and conditions in the Offer Agreement, and concurrently with the sale of 1,070,869,000 Offering Shares pursuant to the Underwriting Agreement, we and the Vendor have agreed to appoint the Joint Global Coordinators, the Singapore Underwriters and the Lead Manager to procure subscribers and/or purchasers, and each of the Joint Global Coordinators, the Singapore Underwriters and the Lead Manager has severally agreed to procure subscribers and/or purchasers or failing which to subscribe for and/or purchase, subject to certain conditions, the number of Offering Shares set forth opposite its name below:

| | Number of Shares |
|---|---|
| Citigroup Global Markets Singapore Pte. Ltd. | 30,857,713 |
| J.P. Morgan (S.E.A.) Limited | 30,857,713 |
| China International Capital Corporation (Singapore) Pte. Limited | 13,976,729 |
| DBS Bank Ltd. | 11,435,505 |
| Nomura Securities Singapore Pte. Ltd. | 6,534,574 |
| UBS AG, Singapore Branch | 8,712,766 |
| **Total** | 102,375,000 |

The Underwriting Agreement may be terminated at any time prior to delivery of the Offering Shares pursuant to the terms of the Underwriting Agreement upon the occurrence of certain events, including, among other things, certain force majeure events. The closing of the Offering is conditional upon certain events and the fulfilment or waiver by the SGX-ST of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares, the Offering Shares, the Cornerstone Shares, the Reorganization Shares, the

Additional Shares and the Plan Shares on the Official List of the SGX-ST. The completion of the Placement and the completion of the Public Offer are each conditional upon the completion of the other.

The Joint Global Coordinators and Joint Underwriters are offering the Offering Shares, subject to prior sale, when, as and if sold to and accepted by them, subject to certain conditions precedent, including the receipt by the Joint Global Coordinators and Joint Underwriters of officer's certificates and legal opinions. The Joint Global Coordinators and Joint Underwriters reserve the right to withdraw, cancel or modify such offers and to reject orders in whole or in part.

The Joint Global Coordinators and Joint Underwriters may make sub-placement arrangements in respect of their obligations under the Underwriting Agreement and under the Offer Agreement, respectively, upon such terms and conditions as they deem fit.

We, the Vendor, Jeffrey H. Schwartz, Ming Z. Mei and Reco Platinum have agreed to indemnify the Joint Global Coordinators and Joint Underwriters against certain liabilities and to contribute to payments the Joint Global Coordinators and Joint Underwriters may be required to make in respect of those liabilities.

In connection with this Offering, the Joint Global Coordinators and Joint Underwriters (or their respective affiliates) may, for their own accounts, enter into swaps or other derivative transactions relating to the Shares at the same time as the Offering or in secondary market transactions. As a result of such transactions (including hedging of such transactions), the Joint Global Coordinators and Joint Underwriters (or their respective affiliates) may hold long or short positions in such Shares or derivatives. These transactions may comprise a substantial portion of the Offering.

**Expenses and Commission**

We, the Vendor and Reco Platinum will pay the Joint Global Coordinators and Joint Underwriters, as compensation for their services in connection with the Offering underwriting fees amounting to 2.25% of the total gross proceeds from the sale of the Offering Shares, the Cornerstone Shares and the Additional Shares (if the Over-allotment Option is exercised) (the "Commission"). The Commission for the Issue Shares and the Cornerstone Shares will be borne by our Company. The Commission for the Vendor Shares will be borne by the Vendor. The Commission for the Additional Shares (if the Over-allotment Option is exercised) will be borne by Reco Platinum. Our Company, the Vendor and Reco Platinum (if the Over-allotment Option is exercised) may also pay the Joint Global Coordinators and Joint Underwriters or any one of them an incentive fee of up to 0.75% of the gross proceeds of the offering of the Issue Shares and the Cornerstone Shares, the Vendor Shares and the Additional Shares, respectively.

We estimate that the aggregate expenses of the Offering and the issue of the Cornerstone Shares, not including the Joint Global Coordinators' and Joint Underwriters' commission and underwriting fees, are US$20.9 million. The expenses for the Offering are payable by us and the Vendor in proportion to the Offering Shares sold by each of us, except for any regulatory fees, SGX-ST listing and processing fees which are payable by us. The expenses for the Cornerstone Shares are payable by us. Purchasers of our Offering Shares, other than those in the Public Offer, will be required to pay to the Joint Global Coordinators and Joint Underwriters a brokerage fee of 1.0% of the Offering Price, stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, at the time of settlement.

**No Existing Public Market**

Prior to the Offering, there has been no trading market for our Shares. The Offering Price was determined after a bookbuilding process and agreed among ourselves, the Vendor, Reco Platinum the Joint Global Coordinators and the Joint Underwriters. Among the factors considered in determining the Offering Price of the Offering Shares were the prevailing market conditions, current market valuations of publicly traded companies that we, the Vendor, Reco Platinum and the Joint Global Coordinators and Joint Underwriters believe to be reasonably comparable to our Group, an assessment of our recent historical performance, estimates of our business potential and earnings prospects, the current state of our development and the current state of our industry and the economy as a whole.

**Over-allotment Option**

In connection with the Offering, Reco Platinum has granted to the Stabilizing Manager, on behalf of the Joint Global Coordinators, International Underwriters and Lead Manager, the Over-allotment Option, exercisable in whole or in part by the Stabilizing Manager on one or more occasions from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 234,648,000 Shares, representing 20% of the total Offering Shares, to undertake stabilizing actions, to purchase up to an aggregate of 234,648,000 Shares (representing not more than 20% of the total Offering Shares) at the Offering Price. Reco Platinum will pay the Joint Global Coordinators, International Underwriters and Lead Manager a commission in respect of these Additional Shares as described under "—Expenses and Commission". If the Over-allotment Option is exercised in full, the total number of issued and outstanding Shares immediately after the Offering will be 4,506,689,664 Shares.

**Share Lending and Borrowing Agreement**

J.P. Morgan (S.E.A.) Limited as the Stabilizing Manager, has entered into a share lending and borrowing agreement (the "Share Lending Agreement") with Reco Platinum to borrow up to 234,648,000 Shares to cover over-allotments, if any. Any Shares that may be borrowed by the Stabilizing Manager under the share lending and borrowing agreement will be returned by the Stabilizing Manager to Reco Platinum either through the purchase of Shares in the open market by the Stabilizing Manager in the conduct of stabilization activities or through exercise of the Over-allotment Option by the Stabilizing Manager on behalf of itself and the Joint Global Coordinators, International Underwriters and Lead Manager.

**Shares Are Not Being Registered Under the US Securities Act**

The Joint Global Coordinators and Joint Underwriters, directly or through their affiliates, propose to offer the Offering Shares for resale in transactions not requiring registration under the US Securities Act or applicable state securities laws, including sales pursuant to Rule l44A and Regulation S. The Joint Global Coordinators and Joint Underwriters will not offer or sell the Offering Shares except:

- within the United States in reliance on Rule 144A to persons they reasonably believe to be QIBs; or
- outside the United States in offshore transactions (as defined in Regulation S).

Shares may not be offered, transferred or resold within the United States except under an exemption from the registration requirements of the US Securities Act or under a registration statement declared effective under the US Securities Act and in accordance with the restrictions under "Transfer Restrictions".

**Intersyndicate Agreement**

The Joint Global Coordinators and Joint Underwriters have entered into an intersyndicate agreement that provides for the coordination of their activities.

**No Sales of Similar Securities and Lock-up**

***The Company***

We have agreed with the Joint Global Coordinators that, from the date of the Underwriting Agreement until the date falling 180 days from the Listing Date, we will not, without the prior written consent of the Joint Global Coordinators:

- issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for any Shares;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares;

- deposit any Shares or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

- publicly disclose our intention to do any of the above.

This restriction shall not apply in respect of (i) Shares issued pursuant to the Offering, (ii) Cornerstone Shares issued pursuant to the Cornerstone Subscription Agreements, (iii) the Reorganization Shares, (iv) Shares issued under the Performance Share Plan or Restricted Share Plan, (v) Shares issued in connection with the potential acquisition by us of logistic facilities in China as discussed in "Business—Recent Developments", and (vi) with the consent of the Joint Global Coordinators, issuances of equity-linked securities convertible or exchangeable for shares.

***Recosia and its related corporations***

Each of Reco Platinum, Reco Benefit, Recosia China and Reco Logistics Management (collectively, the "Reco Entities", and each a "Reco Entity") has agreed with the Joint Global Coordinators that, from the date of the Underwriting Agreement until the date falling 180 days from the Listing Date (the "First Lock-up Period"), it will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for any Shares;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares;

- deposit any Shares or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

- publicly announce any intention to do any of the above.

The above restriction will also apply in respect of 50.0% of the Shares (or any interest in such 50.0% of the Shares) held by all the Reco Entities in aggregate as of the Listing Date, for the period of six months commencing immediately from the date following the expiry of the First Lock-up Period.

This restriction shall apply to all Shares (or any interest in the Shares) held by the Reco Entities as of the date of the Underwriting Agreement and as of the Listing Date, except for (i) the transfer of Shares by any Reco Entity to any of its wholly-owned subsidiaries (provided that each such subsidiary has executed and delivered to the Joint Global Coordinators an undertaking that to the reasonable satisfaction of the Joint Global Coordinators is equivalent to the effect of the restriction described above, to remain in effect for the remainder of the relevant lock-up period); (ii) any Shares sold by Reco Platinum pursuant to the Over-allotment Option granted by Reco Platinum to the Stabilising Manager; and (iii) the transfer of Shares pursuant to the Share Lending Agreement, provided that these restrictions will apply to the Shares returned to Reco Platinum pursuant to the Share Lending Agreement.

In addition, each of Recosia (as the immediate holding corporation of the Reco Entities) and GIC Realty (as the immediate holding company of Recosia) has agreed to a similar lock-up not to reduce (i) any part of its effective shareholding interest in the Company during the First Lock-up Period, and (ii) its effective interest in the Company to less than 50.0% of its shareholding interest as of the Listing Date, for the period of six months commencing immediately from the date following the expiry of the First Lock-up Period.

***Schwartz-Mei Group Limited and its Shareholders***

SMG has agreed with the Joint Global Coordinators that, from the date of the Underwriting Agreement until the date falling 12 months from the Listing Date (the "First SMG Lock-up Period"), it will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for any Shares;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares;

- deposit any Shares or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

- publicly announce any intention to do any of the above.

Further, the above restriction will apply in respect of (i) 75.0% of the Shares (or any interest in such 75.0% of the Shares) held by SMG as of the Listing Date for the period of 12 months commencing immediately from the date following the expiry of the First SMG Lock-up Period (such subsequent 12 month period, the "Second SMG Lockup Period"), (ii) 50.0% of the Shares (or any interest in such 50.0% of the Shares) held by SMG as of the Listing Date for the period of 12 months commencing immediately from the date following the expiry of the Second SMG Lock-up Period (such subsequent 12 month period, the "Third SMG Lockup Period"), and (iii) 25.0% of the Shares (or any interest in such 25.0% of the Shares) held by SMG as of the Listing Date for the period of 12 months commencing immediately from the date following the expiry of the Third SMG Lock-up Period.

This restriction shall apply to all Shares (or any interest in the Shares) held by SMG as of the Listing Date, except for: (i) the Offering Shares, and (ii) the transfer and/or distribution of Shares by SMG to any of its shareholders.

In addition, each of the shareholders of SMG has agreed to a similar lock-up with respect to its effective shareholding interest in the Company.

***GLP ABC***

GLP ABC has agreed with the Joint Global Coordinators that, from the date of the Underwriting Agreement until the date falling one month after the Listing Date (the "First GLP ABC Lock-Up Period"), it will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for any Shares;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares;

- deposit any Shares or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

- publicly announce any intention to do any of the above.

Further, the above restriction will apply in respect of 80.0% of the Shares (or any interest in such 80.0% of the Shares) held on trust for the benefit of eligible employees of the Company by GLP ABC as of the Listing Date for the period of five months commencing immediately from the date following the expiry of the First GLP ABC Lock-Up Period.

**Price Stabilization**

In connection with the Offering, J.P. Morgan (S.E.A.) Limited, as Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager), on behalf of the Joint Global Coordinators and Joint Underwriters, may over-allot Shares or effect transactions that may stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Shares. If the Stabilizing Manager creates a short position in the Shares in connection with the Offering, that is, if it sells more than 234,648,000 Offering Shares, the Stabilizing Manager may reduce that short position by purchasing Shares in the open market. The Stabilizing Manager may also elect to reduce any short position by exercising all or part of the Over-allotment Option described above. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake any such stabilization actions. The number of Shares that the Stabilizing Manager may buy to undertake stabilizing actions shall not exceed an aggregate of 234,648,000 Shares, representing up to 20% of the total Offering Shares. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 234,648,000 Shares, representing 20% of the total Offering Shares, to undertake stabilizing actions.

None of our Company, the Vendor, Reco Platinum, the Joint Global Coordinators or the Joint Underwriters, makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of our Company, the Vendor, Reco Platinum, the Joint Global Coordinators or the Joint Underwriters, makes any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

**Selling Restrictions**

Each Joint Global Coordinator and Joint Underwriter, acknowledges, represents or agrees to the following effect.

***Australia***

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("ASIC") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Offering Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Offering Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer of Offering Shares for on-sale that is received in Australia within 12 months after their issue by the Company, or within 12 months after their sale by the Vendor (or any of the Joint Global Coordinators or Joint Underwriters) under the Offering, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring Offering Shares should observe such Australian on-sale restrictions.

***Bahrain***

Each Joint Global Coordinator and Joint Underwriter has represented and agreed that it has not offered, and will not offer, Offering Shares to (i) the public (as defined in Articles 142-146 of the Commercial Companies Law (Decree Law No. 21/2001) of Bahrain) or (ii) any person in Bahrain who is not an "accredited investor". For this purpose, an "accredited investor" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of US$1,000,000 or more;

(a) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US$1,000,000; or

(b) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments such as a state pension fund).

***Canada***

The Offering Shares will not be sold in Canada or to residents of Canada other than in compliance with applicable Canadian securities laws. Without limiting the foregoing, the Joint Global Coordinators and Joint Underwriters will only make offers and sales of the Offering

Shares included in this Placement in Canada or to residents of Canada (i) through an appropriately registered securities dealer or in accordance with an available exemption from the applicable registered securities dealer requirements under Canadian securities laws, and (ii) pursuant to an exemption from the prospectus requirements under Canadian securities laws.

***Dubai International Financial Centre***

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offering Shares offered should conduct their own due diligence on the Offering Shares. If you do not understand the contents of this document, you should consult an authorized financial adviser.

***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offering Shares contemplated by this offering document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offering Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last fiscal year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriter to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offering Shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, the expression an "offer to the public" in relation to any Offering Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offering Shares to be offered so as to enable an investor to decide to purchase any Offering Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

***Hong Kong***

The Offering Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than to "professional investors" as defined in the Securities and Futures Ordinance, or in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of the Laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person has issued or had in its possession for the purposes of issue, and will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offering Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made thereunder.

***Japan***

It is expected that a public offering without listing of the Offering Shares will be made in Japan. No Offering Shares have been or will be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except in accordance with the terms and conditions of a public offering without listing of the Offering Shares in Japan, as stated in the securities registration statement filed on September 27, 2010, as amended, with the Japanese authority under, or pursuant to any exemption from the registration requirements and from the requirements to deliver a prospectus under, the Financial Instruments and Exchange Law of Japan and otherwise in compliance with any applicable laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporations or other entities organized under the laws of Japan.

***Netherlands***

The Offering Shares may not be offered, sold, transferred or delivered and this offering document, and any other documents in respect of the Offering Shares, may not be circulated and moneys or other assets for participation in us may not be solicited or obtained, directly or indirectly, in or from the Netherlands, to or from any individual or legal entity, as part of or in connection with the individual or legal entity, as part of or in connection with the initial distribution of the Offering Shares or at any time thereafter, other than to or from individuals or legal entities, which include institutional investors (insurance companies and pension issuers), securities institutions (brokers and asset managers), credit institutions, investment institutions and the treasury departments of large companies, who or which trade or invest in investment objects in the conduct of their business or profession within the meaning of Article 1 of the Regulation dated October 9, 1990 in respect of the implementation of Article 14 of the Act on Supervision of Investment Institutions (“Regeling Van 9 Oktober 1990 Tot Uitvoering Van Artikel 14 Van De Wet Toezicht Beleggingsinstellingen”) (as amended).

***Qatar***

Each of the Joint Global Coordinators and Joint Underwriters has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Offering Shares in the State of Qatar, except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

***Saudi Arabia***

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “Saudi Investor”) who acquires Offering Shares pursuant to the Placement should note that the offer of Offering Shares is a limited offer under Article 11 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the “KSA Regulations”). Each initial purchaser has represented, warranted and agreed that the offer of the Offering Shares will not be directed at more than 60 Saudi Investors (excluding “Sophisticated Investors” (as defined in Article 10 of the KSA Regulations)) and the minimum amount payable per Saudi Investor will be not less than Saudi Riyal (SR) 1 million or an equivalent amount. The offer of Offering Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the following restrictions on secondary market activity under Article 17 of the KSA Regulations:

(a) A Saudi Investor (the "transferor") who has acquired Offering Shares pursuant to a limited offer may not offer or sell Offering Shares to any person (referred to as a "transferee") unless the offer or sale is made through an authorized person appropriately licensed by the Saudi Arabian Capital Market Authority and the price to be paid by the transferee for such Offering Shares equals or exceeds SR 1 million, or the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

(b) If the provisions of paragraph (a) cannot be fulfilled because the price of the Offering Shares being offered or sold to the transferee has declined since the date of the original limited offer, the transferor may offer or sell the Offering Shares to the transferee if their purchase price during the period of the original limited offer was equal to or exceeded SR 1 million.

(c) If the provisions of (a) and (b) cannot be fulfilled, the transferor may offer or sell Offering Shares if he/she sells his entire holding of Offering Shares to one transferee.

The provisions of paragraphs (a), (b) and (c) shall apply to all subsequent transferees of the Offering Shares.

***State of Kuwait***

The Offering Shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait ("Kuwait"). The distribution of this offering document and the offering, marketing and sale of the Offering Shares in Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law No. 31 of 1990, and the various Ministerial Regulations issued pursuant thereto. Persons into whose possession this offering document comes are required by us and the Joint Global Coordinators and Joint Underwriters to inform themselves about and to observe such restrictions. Investors in Kuwait who approach us or any of the Joint Global Coordinators and Joint Underwriters to obtain copies of this prospectus are required by us and the Joint Global Coordinators and Joint Underwriters to keep such offering document confidential and not to make copies thereof nor distribute the same to any other person in Kuwait and are also required to observe the restrictions provided for in all jurisdictions with respect to offering, marketing and the sale of the Offering Shares.

***Switzerland***

The Company has not been authorized by the Swiss Federal Banking Commission as a foreign investment issuer under Article 45 of the Swiss Mutual Issuer Act of March 18, 1994. Accordingly, the Offering Shares may not be offered or distributed on a professional basis in or from Switzerland and this offering document and any other offering material relating to the Offering Shares and this offering document may only be distributed in Switzerland to a limited number of investors without any public offering.

***United Arab Emirates (excluding the Dubai International Financial Centre)***

This document and the information contained herein does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates ("UAE") and accordingly should not be construed as such. The Offering Shares are only being offered to a limited number of sophisticated investors in the UAE who are willing and able to conduct an independent investigation of the risks involved in an investment in such Offering Shares, upon their specific request. The Offering Shares have not been approved or licensed or registered with the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the UAE and no transaction will be concluded in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

***United Kingdom***

Each of the Joint Global Coordinators and Joint Underwriters has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) received by it in connection with the issue or sale of any Offering Shares in circumstances in which section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offering Shares in, from or otherwise involving the United Kingdom.

***United States***

The Offering Shares have not been and will not be registered under the US Securities Act and may only be offered, sold and delivered within the United States in reliance on Rule 144A to persons who are QIBs, or outside the United States in offshore transactions (as defined in Regulation S) complying with Regulation S. A description of the transfer restrictions applicable to the Offering Shares is set forth in "Transfer Restrictions".

Each Joint Global Coordinator and Joint Underwriter has agreed that it will not offer, sell or deliver any Offering Shares (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the completion of the distribution of the Offering Shares, within the United States except in reliance on Rule 144A as described above.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offering Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A as described above.

Each initial purchaser of the Rule 144A Offering Shares will be required to represent and warrant on each day from the date on which the purchaser acquires the Offering Shares through and including the date on which the purchaser disposes of such Offering Shares: (i) whether and to what extent it is, or is using the assets of, a Benefit Plan Inventor, (ii) whether it is a Controlling Person, (iii) that its acquisition and holding of any Shares does not and will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code (or in the case of any governmental, church or non-US plan, will not result in a violation of any Similar Law) and (iv) it will not knowingly transfer any Rule 144A Offering Shares to a Benefit Plan Investor or Controlling Person. Any purported purchase of Offering Shares that does not comply with the foregoing shall be null and void ab initio. Capitalized terms used herein are defined in ("Certain ERISA Considerations").

Each initial purchaser of the Offering Shares offered outside the United States in reliance on Regulation S will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. at the time of the offer of the Shares to it, the purchaser of Shares was not in the United States;

2. either the purchaser was outside the United States at the time the buy order for the Shares was originated or the transaction was executed in, on or through a physical trading floor of an established foreign securities exchange that is located outside the United States;

3, none of the purchaser, its affiliates or any person acting on its or their behalf has made or will make, and the purchase of Shares is not the result of, any directed selling efforts in the United States with respect to the Shares;

4. the transfer of the Shares is not part of a plan or scheme to evade the registration requirements of the US Securities Act;

5. the purchaser is aware that the Offering Shares have not been and will not be registered under the US Securities Act and are being offered outside the United States in reliance on Regulation S, and that the Offering Shares may not be offered, sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S; and

6. the purchaser is not, is not using the assets of and shall not at any time hold such Shares for or on behalf of a Benefit Plan Investor or a governmental, church or non-US plan that is subject to any such substantially Similar Law (the capitalized terms used herein are defined in "Certain ERISA Considerations"). Any purported purchase or transfer of Offering Shares that does not comply with the foregoing shall be null and void ab initio.

The re-offer, re-sale, pledge and other transfer of Shares is subject to further restrictions. See "Transfer Restrictions".

### *General*

Buyers of Offering Shares under the Placement may be required to pay stamp taxes and/or other charges in accordance with the laws and practice of the country of purchase in addition to the Offering Price on the cover of this offering document.

No action has been or will be taken in any jurisdiction that would permit a public offer of the Offering Shares being offered outside of Singapore or Japan as described herein, or the possession, circulation or distribution of this offering document or any other material relating to us or the Offering Shares, in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this offering document nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Offering Shares offered in the Offering will be made through the facilities of the CDP (scripless system) on or about October 18, 2010.

## Other Relationships

The Joint Global Coordinators and Joint Underwriters and certain of their affiliates may have performed commercial banking, investment banking and other advisory services for us and our affiliates from time to time for which they received customary fees and expenses. The Joint Global Coordinators and Joint Underwriters may, from time to time, trade in our securities, engage in transactions with, and perform services for us and our affiliates in the ordinary course of their business.

## Persons Intending to Purchase and/or Subscribe for the Offering Shares

As of the date of registration of the offering document with the Authority, we are not aware of any person who intends to purchase more than 5.0% of the Offering Shares pursuant to the Offering.

## TRANSFER RESTRICTIONS

### Rule 144A Restrictions

Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

Each person that purchases an Rule 144A Offering Share in a resale shall be deemed by such acquisition to have represented and warranted, on each day from the date on which the transferee acquires the Rule 144A Offering Shares through and including the date on which the purchaser or transferee disposes of such Offering Shares, that it is not, is not using the assets of and shall not at any time hold such Offering Shares for or on behalf of (i) a Benefit Plan investor or a Controlling Person or (ii) a governmental, church or non-US plan that is subject to any Similar Law unless under this subsection (ii) only, such acquisition and holding of the Rule 144A Offering Shares would not violate the applicable provisions of such Similar Law. Any purported purchase of Offering Shares that does not comply with the foregoing shall be null and void ab initio. Capitalized terms used herein are defined in ("Certain ERISA Considerations").

### Regulation S Restrictions

Each person who purchases Shares outside the United States in a resale in reliance on Regulation S under the US Securities Act prior to the expiration of the distribution compliance period, by its acceptance of this offering document and of Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Vendor and the Joint Global Coordinators and Joint Underwriters as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) With respect to sales of Shares, either:

  (a) at the time the buy order for the Shares was originated, the buyer was outside the United States or the purchaser of Shares and any person acting on its behalf reasonably believed that the buyer was outside the United States; or

  (b) the transaction in the Shares was executed in, on or through the facilities of a designated offshore securities market as defined in Regulation S (including, for the avoidance of doubt, a bona fide sale on the SGX-ST), and neither the purchaser of Shares nor any person acting on its behalf was aware that the transaction was pre-arranged with a buyer in the United States.

(2) Such purchaser of Shares is not an affiliate of our Company or acting on our behalf or on behalf of any such affiliate;

(3) Neither the purchaser of Shares, any of its affiliates nor any person acting on its or their behalf, has made, and the purchase of Shares is not the result of, any "directed selling efforts" (as defined in Regulation S) in the United States with respect to the Shares.

(4) The proposed transfer of the Shares is not part of a plan or scheme to evade the registration requirements of the US Securities Act.

(5) None of our Company, the Vendor, the Joint Global Coordinators and Joint Underwriters or any of our or their affiliates or agents participated in the sale of the Shares.

(6) The purchaser is aware that the Offering Shares may not be offered, sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S.

(7) Each purchaser of Shares agrees that our Company, the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Underwriters, their respective affiliates and their respective agents may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Each direct or indirect holder or acquirer of the Regulation S Offering Shares, by holding, purchasing or otherwise acquiring an Offering Share (or a beneficial interest therein), is deemed to have represented and agreed that:

(8) (i) it is not using the assets of and shall not at any time hold such Share for or on behalf of a Benefit Plan Investor or (ii) it is a governmental, church or non-U.S. plan and its acquisition, holding and disposition of such Share or of any interest therein, will not result in a violation of any applicable Similar Laws (the capitalized terms used herein are defined in "Certain ERISA Considerations").

In addition, each prospective purchaser of Shares, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with our Company, the Vendor, the Joint Global Coordinators and Joint Underwriters as follows:

(9) That none of our Company, the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Underwriters or any person representing our Company, the Vendor, Reco Platinum, or the Joint Global Coordinators and Joint Underwriters has made any representation or provided any information to it with respect to our Company, the Vendor, Reco Platinum, or the Offering, other than the information contained or incorporated by reference in this offering document, which document has been delivered to it and upon which it is relying in making its investment decision with respect to the Shares; and it has had access to such financial and other information concerning our Company and the Shares as it has deemed necessary in connection with its decision to purchase the Shares.

(10) That our Company, the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Underwriters and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained under this section of this offering document entitled "Transfer Restrictions", and such prospective purchaser agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it through its purchase of the Shares are no longer accurate, it shall promptly notify our Company, the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Underwriters; and if it is acquiring any Shares as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

## CLEARANCE AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry (scripless) settlement system of the CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

The CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. The CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the securities accounts maintained by such account holders with the CDP.

Our Shares will be registered in the name of the CDP or its nominees and held by the CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with the CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than the CDP itself, will be treated, under the Singapore Companies Act and our Articles of Association, as members of our Company in respect of the number of our Shares credited to their respective securities accounts.

Persons holding our Shares in a securities account with the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares will be payable to the CDP upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 (or such other amount as our Directors may decide) will be payable to our Share Registrar for each share certificate issued, and stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S$0.20 per S$100.00 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed and stamped instruments of transfer in favor of the CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S$10.00, subject to GST at the prevailing rate (currently 7.0%), is payable upon the deposit of each instrument of transfer with the CDP. The above fee may be subject to such changes as may be in accordance with the CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of our Shares sold and the buyer's securities account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to GST of 7.0% (or such other rate prevailing from time to time). Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in the CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following day. The CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with the CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

## LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us and the Grantor of the Over-allotment Option by Clifford Chance with respect to matters of US federal securities law and New York law.

Certain legal matters in connection with this Offering will be passed upon for us, the Vendor and the Grantor of the Over-allotment Option by Allen & Gledhill LLP with respect to matters of Singapore law.

Certain legal matters in connection with this Offering will be passed upon for the Joint Global Coordinators and Joint Underwriters by Allen & Overy LLP with respect to matters of US federal securities law and New York law, and by WongPartnership LLP with respect to matters of Singapore law.

Each of Clifford Chance, Allen & Gledhill LLP, Allen & Overy LLP and WongPartnership LLP, does not make, or purport to make, any statement in this offering document and is not aware of any statement in this offering document which purports to be based on a statement made by each of them, and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this offering document.

## INDEPENDENT AUDITORS

The combined financial statements of Global Logistic Properties Limited as of March 31, 2008, 2009 and 2010 and for each of the years in the three-year period then ended, included in this offering document have been audited by KPMG LLP, independent auditors as stated in their report appearing in this offering document.

With respect to the unaudited interim combined financial statements for the three-month periods ended June 30, 2009 and 2010, included in this offering document, the independent auditors, KPMG LLP, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in this offering document states that they did not audit and they do not express an opinion on that interim financial statements. Accordingly, the degree of reliance on their reports on such information should be restricted in the light of the limited nature of the procedures applied.

With respect to the pro forma adjustments appearing in the unaudited pro forma balance sheets as of March 31, 2009 and June 30, 2010, the pro forma cash flows for the year ended March 31, 2010 and for the three-month period ended June 30, 2010 and in the pro forma income statements for the years ended March 31, 2008, 2009 and 2010 and for the three-month period ended June 30, 2010 included in this offering document, the independent reporting accountants, KPMG LLP, have reported that they applied limited procedures in accordance with professional standards for a review of such information. KPMG LLP's procedures on the unaudited pro forma financial information have not been carried out in accordance with attestation standards and practices generally accepted in the United States or in other jurisdictions (other than Singapore), and accordingly, should not be relied on as if they had been carried out in accordance with those standards.

The above reports were prepared for the purpose of inclusion in this offering document.

## EXPERTS

The Industry Consultants, CB Richard Ellis Limited, 4/F Three Exchange Square, 8 Connaught Place, Central, Hong Kong, and Jones Lang LaSalle K.K., 2-13-10 Nagatacho, Chiyoda-ku, Tokyo, Japan, were responsible for preparing those sections, which were prepared for the purpose of inclusion in this offering document, attributable to each of them in "Appendix A—Industry Overview".

The Independent Valuers, Jones Lang LaSalle Limited, 28/F One Pacific Place, 88 Queensway, Hong Kong, and CB Richard Ellis (Pte) Ltd, 6 Battery Road #32-01, Singapore 049909, were responsible for preparing the valuation of the relevant properties, which were prepared for the purpose of inclusion in this offering document, as set out against each of their names in "Appendix D—Summary of the Valuation Reports issued by the Independent Valuers in Respect of the Properties".

From time to time, we have engaged and/or may engage CBRE Limited and/or JLL Japan to perform valuations and related work for us, for which we pay them market rates. From time to time, we have engaged and/or may engage affiliates of the Independent Valuers to provide property management or other services, for which we pay such affiliates market rates. The Industry Consultants and/or the Independent Valuers (or any of their respective directors, officers, employees or affiliates) may, to the extent permitted by law, own or have a position in the securities of (or options, warrants or rights with respect to, or interest in, the shares or other securities of) the Company. In particular, CBRE GRES is a Cornerstone Investor. See "Share Capital and Shareholders—Information on Cornerstone Investors". CBRE Limited and CBRE PL have represented to us that, notwithstanding CBRE GRES's participation as a Cornerstone Investor, each of CBRE Limited and CBRE PL is an independently managed and operated affiliate of the CBRE Group, and the management and operations of CBRE Limited and CBRE PL are independent of the management and operations of CBRE GRES. For more information on our relationship with the Industry Consultants and the Independent Valuers, see "Market and Industry Information".

Commerce and Finance Law Offices, who are our PRC legal adviser, of 6F NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, People's Republic of China, were responsible for advising on the statements attributed to them in the sections "Risk Factors—Risks Relating to Our Operations in China—The PRC government may require us to forfeit our land use rights or penalize us if we were to fail to comply with the terms of land grant contracts" and "Risk Factors—Risks Relating to Our Operations in China—We may not have obtained all the land use rights certificates and building ownership certificates for certain of our facilities and one of our properties is subject to a land tender process.".

## GENERAL AND STATUTORY INFORMATION

### Information on Directors and Executive Officers

1. Except as otherwise set out below, as of the date of this offering document, none of our Directors or Executive Officers has:

   (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) any unsatisfied judgment against him;

   (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) at any time during the last 10 years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

One of our Non-Executive Independent Directors, Dr. Dipak Jain, was on the board of directors of Hart Schaffner & Marx ("Hartmarx") from 2002 until Hartmarx filed for bankruptcy in 2009. Dr. Jain was a non-executive director of Hartmarx and served on its compensation committee and corporate governance committee. Dr. Jain also joined the board of directors of United Air Lines, Inc. ("United Airlines") as a non-executive director in 2004 when it was undergoing bankruptcy proceedings. Dr. Jain served on United Airlines' audit committee and public responsibility committee, and stepped down from the board of United Airlines in 2006.

Our Independent Chairman, Ang Kong Hua, and our Non-Executive Director, Dr. Seek Ngee Huat, are directors of GIC. GIC is a global investment management company established to manage Singapore's foreign reserves. As GIC invests internationally in various assets, it is subject to the regulatory oversight of the relevant regulatory bodies in the jurisdictions in which it invests. From time to time, GIC has been investigated by the relevant regulatory bodies for breaches of laws and regulations. Mr. Ang and Dr. Seek have been directors of GIC since 1997 and 2007 respectively. The material incidents where GIC had been investigated for breaches of laws and regulations during the period when either Mr. Ang or Dr. Seek has been a director of GIC is as follows:

(i) in 2004, the Authority had taken civil penalty enforcement action against three employees of GIC for breaches of the insider trading provisions under the SFA involving shares of Sumitomo Mitsui Financial Group Inc. that are listed on the Tokyo Stock Exchange, the Osaka Stock Exchange and the Nagoya Stock Exchange. The insider trading breaches resulted in gains (through losses avoided) of approximately S$710,000, which were not retained by the GIC employees concerned. The Authority's investigations did not find any breach of the SFA by GIC. Nonetheless, GIC had volunteered to give a sum of approximately S$710,000 (representing the gains resulting from the breaches of the three employees) over to the Authority to be used to fund additional consumer financial education programmes; and

(ii) in 2007, the Chicago Board of Trade ("CBOT") investigated certain buy and sell trades placed on the CBOT by futures brokers acting on behalf of GIC for being prearranged trades which may have violated CBOT regulations on 'Floor Practices' and 'Good Faith Bids and Offers'. Most of these trades were placed and executed to facilitate the restructuring of certain of GIC's internal investment portfolios. The matter was settled by the payment of a fine of US$40,000 by GIC to CBOT without any admission or denial of any violation.

Mr. Ang is also a non-executive Director of DBS Bank Ltd ("DBS Bank") and DBS Group Holdings Ltd which is the holding company of DBS Bank as well as DBS (Hong Kong) Limited ("DBSHK"). DBS Bank is licensed as a bank under the Banking Act, Chapter 19 of Singapore, and is regulated and supervised by the Authority. DBSHK is licensed as a bank under the Banking Ordinance, Chapter 155 of Hong Kong, and is regulated by the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission. From time to time, DBS Bank and DBSHK have been investigated by the relevant authorities for breaches of laws and regulations. Mr. Ang has been a director of each of DBS Bank and DBS Group Holdings Ltd since 2005. The material incidents where DBS Bank and DBSHK have been investigated by the relevant authorities for breaches of laws and regulations during the period when Mr. Ang had been a director of DBS Bank or DBS Group Holdings Ltd are as follows:

(i) in 2009, the Authority investigated certain financial institutions that distributed credit linked structured notes. DBS Bank was investigated in relation to High Notes 5 (the "Notes") issued and arranged by it. The investigations covered DBS Bank's due diligence on the Notes, the procedures in place at the point of sale, and the training and supervision of representatives in relation to the Notes. In the circumstances, the Authority issued directions to DBS Bank to (a) cease dealing in and providing financial advisory services for structured notes for a period of six months with effect from 1 July 2009 or until there are in place adequate measures to address the findings, whichever is later; (b) implement an action plan to rectify all the weaknesses identified in the investigations; (c) appoint an external person approved by the Authority to review the action plan and assess whether it has been properly implemented; and (d) appoint a member of the institution's senior management to oversee compliance with the direction;

(ii) on July 5, 2010, the online and branch banking systems of DBS Bank experienced service outage. The Authority has censured DBS Bank for the shortcomings and inadequate management oversight by the bank of its outsourced IT systems, networks, operations and infrastructure that resulted in the widespread system outage and instructed DBS Bank to, among others, conduct an independent review of the incident, and set aside an additional regulatory capital until the Authority is satisfied that DBS Bank has put in place adequate risk control measures to address the deficiencies identified; and

(iii) in 2008, the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission investigated certain financial institutions that distributed investment products related to Lehman Brothers Holdings Inc. DBS Bank was investigated in relation to the bank's distribution of Constellation Notes. Following investigations by the Hong Kong Securities and Futures Commission, DBSHK has agreed, without admitting any liability, to, inter alia, (i) propose a resolution scheme in respect of the Constellation Notes pursuant to which it would offer to pay certain amounts to certain customers who purchased the Constellation Notes, and (ii) conduct an independent review of its distribution systems and controls.

2. No option to subscribe for shares in, or debentures of, our Company or our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the two fiscal years preceding the date of this offering document.

3. Save for the Over-allotment Option, as of the Latest Practicable Date, no person has been, or has the right to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

**Subsidiaries and Jointly-Controlled Entities**

4. The details of our Group's subsidiaries and jointly-controlled entities are set out in Appendix C.

## Share Capital

5. As of the date of this offering document, there is only one class of Shares in the capital of our Company. The rights and privileges attached to our Shares are stated in the Memorandum of Association and Articles of Association of our Company. There are no founder, management or deferred shares. Substantial shareholders of our Company are not entitled to any different voting rights from the other shareholders.

6. Except as disclosed below and in "Share Capital and Shareholders", there were no changes in the issued and paid-up capital of the Company and our subsidiaries within the three years preceding the Latest Practicable Date.

| Date | Number of Shares Issued | Issue Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| **Our Company** | | | | |
| 24 September 2010 | 366,071,350 | - | Share Split | S$2 |

| **Date** (*See Note 1 below*) | Initial Paid-up Capital | Increase or Reduction of Paid-up Capital | Reason for Increase or Reduction of Paid-up Capital | Resultant Paid-up Capital |
|---|---|---|---|---|
| **GLP Puyun Warehousing Services Co., Ltd.** | | | | |
| 27 December 2007 | USD 11,000,000 | USD 4,500,012 | Capital increase | USD 15,500,012 |
| 24 March 2008 | USD 15,500,012 | USD 3,099,988 | Capital increase | USD 18,600,000 |
| 21 August 2008 | USD 18,600,000 | USD 5,820,000 | Capital increase | USD 24,420,000 |
| 19 November 2008 | USD 24,420,000 | USD 4,200,000 | Capital increase | USD 28,620,000 |
| 16 December 2008 | USD 28,620,000 | USD 12,000,000 | Capital increase | USD 40,620,000 |
| **GLP Guangzhou Bonded Development Co., Ltd.** | | | | |
| 28 February 2008 | USD 11,699,976 | USD 3,350,000 | Capital increase | USD 15,049,976 |
| 26 June 2008 | USD 15,049,976 | USD 10,334,000 | Capital increase | USD 25,383,976 |
| **GLP Beijing Airport Logistics Development Co., Ltd.** | | | | |
| 28 December 2007 | USD 12,000,000 | USD 8,000, 000 | Capital increase | USD 20,000,000 |
| 8 July 2008 | USD 20,000,000 | USD 10,000, 000 | Capital increase | USD 30,000,000 |
| **GLP Foshan Logistics Co., Ltd.** | | | | |
| 6 March 2008 | USD 10,000,000 | USD 2,500, 000 | Capital increase | USD 12,500,000 |
| 15 April 2008 | USD 12,500,000 | USD 2,500, 000 | Capital increase | USD 15,000,000 |
| 26 November 2008 | USD 15,000,000 | USD 2,000, 000 | Capital increase | USD 17,000,000 |
| **GLP Hangzhou Logistics Development Co., Ltd** | | | | |
| 18 September 2007 | USD 14,000,000 | USD 2,000,000 | Capital increase | USD 16,000,000 |
| 25 March 2008 | USD 16,000,000 | USD 2,000,000 | Capital increase | USD 18,000,000 |
| 20 June 2008 | USD 18,000,000 | USD 2,500,000 | Capital increase | USD 20,500,000 |
| 6 August 2008 | USD 20,500,000 | USD 3,500,000 | Capital increase | USD 24,000,000 |
| **GLP Shanghai Jiading Development Co., Ltd.** | | | | |
| 4 May 2008 | USD 4,000,000 | USD 7,000,005 | Capital increase | USD 11,000,005 |

| Date (*See Note 1 below*) | Initial Paid-up Capital | Increase or Reduction of Paid-up Capital | Reason for Increase or Reduction of Paid-up Capital | Resultant Paid-up Capital |
|---|---|---|---|---|
| **GLP Songjiang Development Co., Ltd.** | | | | |
| 4 May 2008 | USD 6,600,841.40 | USD 26,399,158.60 | Capital increase | USD 33,000,000 |
| 20 July 2010 | USD 33,000,000 | USD 15,000,000 | Capital increase | USD 48,000,000 |
| **Shanghai Minhang GLP Development Co., Ltd.** | | | | |
| 4 May 2008 | USD 15,900,000 | USD 2,100,000 | Capital increase | USD 18,000,000 |
| **GLP (Qingdao) Airport International Logistics Development Co., Ltd.** | | | | |
| 19 September 2007 | USD 7,999,980 | USD 1,000,000 | Capital increase | USD 8,999,980 |
| 30 November 2007 | USD 8,999,980 | USD 1,000,000 | Capital increase | USD 9,999,980 |
| 5 March 2008 | USD 9,999,980 | USD 500,020 | Capital increase | USD 10,500,000 |
| 16 June 2008 | USD 10,500,000 | USD 1,500,000 | Capital increase | USD 12,000,000 |
| **GLP (Qingdao) Qianwan Harbor International Logistics Development Co., Ltd.** | | | | |
| 29 September 2007 | USD 3,999,998 | USD 12,000,000 | Capital increase | USD 15,999,980 |
| 25 December 2007 | USD 15,999,980 | USD 3,999,998 | Capital increase | USD 19,999,996 |
| 29 December 2007 | USD 19,999,996 | USD 8,000,004 | Capital increase | USD 28,000,000 |
| 30 June 2008 | USD 28,000,000 | USD 10,000,000 | Capital increase | USD 38,000,000 |
| **GLP (Qingdao) Jiaonan International Logistics Development Co., Ltd.** | | | | |
| 18 June 2008 | USD 1,999,990 | USD 500,000 | Capital increase | USD 2,499,990 |
| 2 July 2010 | USD 2,499,990 | USD 5,000,000 | Capital increase | USD 7,499,990 |
| **GLP Nanjing Jiangning Development Co., Ltd.** | | | | |
| 6 April 2008 | USD 7,339,980 | USD 6,299,996 | Capital increase | USD 13,639,976 |
| 3 June 2008 | USD 13,639,976 | USD 13,060,024 | Capital increase | USD 26,700,000 |
| **GLP (Guangzhou) Baopu Development Co., Ltd.** | | | | |
| 8 April 2008 | RMB 116,458,792.60 | RMB 38,575,138.59 | Capital increase | RMB 155,033,931.19 |
| 7 July 2010 (*See Note 2 below*) | RMB 155,033,931.19 | USD 144,190.00 | Capital increase (*See Note 5 below*) | RMB 155,033,931.19<br>USD 144,190.00 |
| **GLP Jiaxing Development Co., Ltd.** | | | | |
| 25 March 2008 | USD 3,000,000 | USD 1,500,010 | Capital increase | USD 4,500,010 |
| 9 October 2008 | USD 4,500,010 | USD 1,500,000 | Capital increase | USD 6,000,010 |
| 10 December 2008 | USD 6,000,010 | USD 2,000,000 | Capital increase | USD 8,000,010 |
| **GLP Chongqing Development Co., Ltd.** | | | | |
| 27 May 2008 | USD 12,200,045 | USD 2,799,955 | Capital increase | USD 15,000,000 |
| **GLP Wuxi Logistics Development Co., Ltd.** | | | | |
| 17 September 2008 | USD 5,999,988 | USD 2,000,000 | Capital increase | USD 7,999,988 |
| 13 October 2008 | USD 7,999,988 | USD 2,600,000 | Capital increase | USD 10,599,988 |
| 5 November 2009 | USD 10,599,988 | USD 1,960,012 | Capital increase | USD 12,560,000 |

| **Date** (*See Note 1 below*) | **Initial Paid-up Capital** | **Increase or Reduction of Paid-up Capital** | **Reason for Increase or Reduction of Paid-up Capital** | **Resultant Paid-up Capital** |
|---|---|---|---|---|
| **GLP (Tianjin) Industry Development Co., Ltd.** | | | | |
| 16 October 2007 | USD 4,000,012 | USD 1,000,012 | Capital increase | USD 5,000,024 |
| 1 November 2007 | USD 5,000,024 | USD 500,000 | Capital increase | USD 5,500,024 |
| 21 May 2008 | USD 5,500,024 | USD 1,100,010 | Capital increase | USD 6,600,034 |
| 6 June 2008 | USD 6,600,034 | USD 1,700,010 | Capital increase | USD 8,300,044 |
| 7 October 2008 | USD 8,300,044 | USD 3,499,966 | Capital increase | USD 11,800,010 |
| 14 October 2008 | USD 11,800,010 | USD 699,990 | Capital increase | USD 12,500,000 |
| **GLP Changsha Development Co., Ltd.** | | | | |
| 23 June 2008 | USD 3,300,000 | USD 1,000,000 | Capital increase | USD 4,300,000 |
| **GLP Fengjia Development Co., Ltd.** | | | | |
| 14 March 2008 | USD 4,000,000 | USD 6,880,000 | Capital increase | USD 10,880,000 |
| **GLP Fengsong Development Co., Ltd.** | | | | |
| 14 March 2008 | USD 3,600,000 | USD 500,000 | Capital increase | USD 4,100,000 |
| **Ningbo Gangrui Warehousing Co., Ltd.** | | | | |
| 7 April 2008 | USD 1,720,000 | USD 1,000,010 | Capital increase | USD 2,720,010 |
| 11 November 2008 | USD 2,720,010 | USD 1,300,000 | Capital increase | USD 4,020,010 |
| 29 July 2010 | USD 4,020,010 | USD 1,339,990.00 | Capital increase | USD 5,360,000.00 |
| **Ningbo Haichuang Logistics Co., Ltd.** | | | | |
| 7 April 2008 | USD 1,720,000 | USD 1,000,010 | Capital increase | USD 2,720,010 |
| 11 November 2008 | USD 2,720,010 | USD 1,300,000 | Capital increase | USD 4,020,010 |
| 29 July 2010 | USD 4,020,010 | USD 1,319,990.00 | Capital increase | USD 5,340,000.00 |
| **GLP Xujing Logistics Co., Ltd.** | | | | |
| 6 November 2009 | USD 15,000,000 | USD 200,012 | Capital increase | USD 15,200,012 |
| 30 July 2010 | USD 15,200,012 | USD 799,988 | Capital increase | USD 16,000,000 |
| **Pushun Logistics Park Development Co., Ltd.** | | | | |
| 30 August 2008 | USD 3,900,000 | USD 1,000,000 | Capital increase | USD 4,900,000 |
| 28 September 2008 | USD 4,900,000 | USD 4,000,000 | Capital increase | USD 8,900,000 |
| 5 November 2008 | USD 8,900,000 | USD 1,000,000 | Capital increase | USD 9,900,000 |
| 30 December 2008 | USD 9,900,000 | USD 2,100,000 | Capital increase | USD 12,000,000 |
| **Qingdao Shuangyi Logistics Co., Ltd.** | | | | |
| 8 May 2008 | USD 11,850,000 | USD 2,000,003 | Capital increase | USD 13,850,003 |
| 13 August 2008 | USD 13,850,003 | USD 2,000,000 | Capital increase | USD 15,850,003 |
| 18 September 2008 | USD 15,850,003 | USD 1,000,000 | Capital increase | USD 16,850,003 |
| 18 December 2008 | USD 16,850,003 | USD 500,000 | Capital increase | USD 17,350,003 |
| 14 July 2010 | USD 17,350,003 | USD 1,499,997.00 | Capital increase | USD 18,850,000.00 |
| **Tianjin Puqing Logistics Park Co., Ltd.** | | | | |
| 10 January 2008 | USD 4,050,007 (*See Note 6 below*) | | | USD 4,050,007 |
| 6 June 2008 | USD 4,050,007 | USD 3,099,976 | Capital increase | USD 7,149,983 |
| 4 September 2008 | USD 7,149,983 | USD 850,017 | Capital increase | USD 8,000,000 |
| 12 May 2010 | USD 8,000,000 | USD 3,500,000 | Capital increase | USD 11,500,000 |

| **Date** (*See Note 1 below*) | **Initial Paid-up Capital** | **Increase or Reduction of Paid-up Capital** | **Reason for Increase or Reduction of Paid-up Capital** | **Resultant Paid-up Capital** |
|---|---|---|---|---|
| **GLP (Ningbo Beilun) Warehousing Co., Ltd.** | | | | |
| 7 December 2007 | USD 2,000,015 (*See Note 6 below*) | | | USD 2,000,015 |
| 25 December 2007 | USD 2,000,015 | USD 1,000,005 | Capital increase | USD 3,000,020 |
| 9 January 2008 | USD 3,000,020 | USD 8,000,005 | Capital increase | USD 11,000,025 |
| 24 March 2008 | USD 11,000,025 | USD 1,999,975 | Capital increase | USD 13,000,000 |
| 23 June 2008 | USD 13,000,000 | USD 1,500,005 | Capital increase | USD 14,500,005 |
| 7 August 2008 | USD 14,500,005 | USD 4,499,995 | Capital increase | USD 19,000,000 |
| 26 August 2008 | USD 19,000,000 | USD 2,800,000 | Capital increase | USD 21,800,000 |
| **GLP Jiashan Pujia Logistics Co., Ltd.** | | | | |
| 24 December 2007 | USD 4,500,000 (*See Note 6 below*) | | | USD 4,500,000 |
| 8 August 2008 | USD 4,500,000 | USD 1,500,000 | Capital increase | USD 6,000,000 |
| 31 May 2010 | USD 6,000,000 | USD 2,000,000 | Capital increase | USD 8,000,000 |
| **GLP Pumin Logistics Co., Ltd.** | | | | |
| 16 February 2008 | USD 2,000,010 (*See Note 6 below*) | | | USD 2,000,010 |
| 1 July 2008 | USD 2,000,010 | USD 10,499,990 | Capital increase | USD 12,500,000 |
| 17 October 2008 | USD 12,500,000 | USD 9,500,000 | Capital increase | USD 22,000,000 |
| **GLP Taicang Logistics Co., Ltd.** | | | | |
| 4 February 2008 | USD 4,300,000 (*See Note 6 below*) | | | USD 4,300,000 |
| 27 August 2008 | USD 4,300,000 | USD 5,000,000 | Capital increase | USD 9,300,000 |
| **GLP Chengdu Hi-Tech Co., Ltd.** | | | | |
| 20 February 2008 | USD 3,500,020 (*See Note 6 below*) | | | USD 3,500,020 |
| 18 September 2008 | USD 3,500,020 | USD 1,500,012 | Capital increase | USD 5,000,032 |
| 6 November 2008 | USD 5,000,032 | USD 1,000,012 | Capital increase | USD 6,000,044 |
| 11 May 2010 | USD 6,000,044 | USD 3,999,956 | Capital increase | USD 10,000,000 |
| **GLP Pujiang Logistics Co., Ltd.** | | | | |
| 17 January 2008 | RMB 1,000,000 (*See Note 6 below*) | | | RMB 1,000,000 |
| 31 July 2008 | RMB 1,000,000 | RMB 40,000,000 | Capital increase | RMB 41,000,000 |
| 19 August 2008 | RMB 41,000,000 | RMB 140,000,000 | Capital increase | RMB 181,000,000 |
| 12 October 2008 | RMB 181,000,000 | RMB 19,000,000 | Capital increase | RMB 200,000,000 |
| **Shanghai Puchuan Logistics Co., Ltd.** | | | | |
| 25 April 2008 | USD 2,500,000 (*See Note 6 below*) | | | USD 2,500,000 |
| **GLP Kunshan Puqiao Logistics Co., Ltd.** | | | | |
| 5 June 2008 | USD 4,350,000 (*See Note 6 below*) | | | USD 4,350,000 |
| 22 April 2010 (*See Note 3 below*) | USD 4,350,000 | (USD 3,878,166.46) | Capital reduction | USD 471,833.54 |

| **Date** (*See Note 1 below*) | **Initial Paid-up Capital** | **Increase or Reduction of Paid-up Capital** | **Reason for Increase or Reduction of Paid-up Capital** | **Resultant Paid-up Capital** |
|---|---|---|---|---|
| **GLP Wanqing Logistics Co., Ltd.** | | | | |
| 9 May 2008 | RMB 80,000,000 | RMB 70,001,916 | Capital increase | RMB 150,001,916 |
| 10 October 2008 | RMB 150,001,916 | RMB 169,998,084 | Capital increase | RMB 320,000,000 |
| **Jiangsu Beisheng Technology Co., Ltd.** | | | | |
| 14 May 2008 | RMB 5,000,000 | RMB 38,505,400 | Capital increase | RMB 43,505,400 |
| 28 July 2010 (*See Note 2 below*) | RMB 43,505,400 | RMB 34,600 | Capital increase | RMB43,540,000 |
| **GLP Luoxin Logistics Co., Ltd.** | | | | |
| 5 August 2008 | USD 10,000,000 (*See Note 6 below*) | | | USD 10,000,000 |
| **Beijing Jingcai Warehousing Co., Ltd.** | | | | |
| 16 August 2008 | USD 749,995 (*See Note 6 below*) | | | USD 749,995 |
| **GLP Laogang Development Co., Ltd.** | | | | |
| 8 October 2008 | USD 2,000,005 (*See Note 6 below*) | | | USD 2,000,005 |
| 17 October 2008 | USD 2,000,005 | USD 6,000,000 | Capital increase | USD 8,000,005 |
| **GLP Pujin Development Co., Ltd.** | | | | |
| 16 February 2008 | USD 4,000,010 (*See Note 6 below*) | | | USD 4,000,010 |
| 14 March 2008 | USD 4,000,010 | USD 20,999,990 | Capital increase | USD 25,000,000 |
| 8 October 2008 | USD 25,000,000 | USD 18,750,005 | Capital increase | USD 43,750,005 |
| 5 December 2008 | USD 43,750,005 | USD 6,249,995 | Capital increase | USD 50,000,000 |
| **Kunshan GLP Dianshanhu Logistics Co., Ltd.** | | | | |
| 8 February 2010 | USD 5,000,000 (*See Note 6 below*) | | | USD 5,000,000 |
| **Dalian GLP-Jifa Development Co., Ltd.** | | | | |
| 26 March 2008 | USD 40,000,000 | USD 40,000,000 | Capital increase | USD 80,000,000 |
| **Shen Yang GLP Jifa Logistics Development Co., Ltd.** | | | | |
| 16 January 2008 | USD 16,666,663.33 (*See Note 6 below*) | | | USD 16,666,663.33 |
| **SZITIC Shenzhen Commercial Property Co., Ltd.** | | | | |
| 13 August 2008 | RMB 10,000,000 | RMB 90,000,000 | Capital increase | RMB 100,000,000 |

| **Date** (*See Note 1 below*) | **Initial Paid-up Capital** | **Increase or Reduction of Paid-up Capital** | **Reason for Increase or Reduction of Paid-up Capital** | **Resultant Paid-up Capital** |
|---|---|---|---|---|
| **Beijing City Power Warehousing Co., Ltd.** | | | | |
| 13 February 2009 | USD 4,750,000 (*See Note 6 below*) | | | USD 4,750,000 |
| 20 March 2009 | USD 4,750,000 | USD 5,249,970 | Capital increase | USD 9,999,970 (equivalent to RMB 68,329,469.94) |
| 30 June 2010 (*See Note 2 below*) | USD 9,999,970 | USD 5,348,343 | Capital increase | USD 15,348,313 (equivalent to RMB 104,649,532.42) |
| 29 July 2010 (*See Note 2 below*) | USD 15,348,313 | USD 7,500 | Capital increase | USD 15,355,813 (equivalent to RMB 104,700,372.67 ) |
| N/A (*See Note 4 below*) | RMB 68,000,000 | RMB 69,798,800 | Capital increase | RMB 137,798,800 |
| **High-Tech Base (Shanghai) Machinery Co., Ltd.** | | | | |
| 27 November 2007 | USD 1,999,475.96 | USD 2,000,012 | Capital increase | USD 3,999,487.96 |
| 23 October 2008 | USD 3,999,487.96 | USD 13,000,010 | Capital increase | USD 16,999,497.96 |
| 30 October 2008 | USD 16,999,497.96 | USD 2,979,978 | Capital increase | USD 19,979,475.96 |
| 3 November 2009 | USD 19,979,475.96 | USD 20,524.04 | Capital increase | USD 20,000,000 |
| **Zhuhai GLP-Gree Logistics Development Co., Ltd.** | | | | |
| 26 June 2008 | USD 28,380,000 (*See Note 6 below*) | | | USD 28,380,000 |
| **Vailog (Kunshan) Storage Co., Ltd.** | | | | |
| 27 January 2010 | USD 213,530 (*See Note 6 below*) | | | USD 213,530 |
| 5 February 2010 | USD 213,530 | USD 110,070 | Capital increase | USD 323,600 |
| 23 June 2010 | USD 323,600 | USD 3,043,168 | Capital increase | USD 3,366,768 |
| **Shanghai Weiluo Storage Services Co., Ltd.** | | | | |
| 27 September 2008 | USD 1,200,000 (*See Note 6 below*) | | | USD 1,200,000 |
| 16 October 2008 | USD 1,200,000 | USD 4,800,000 | Capital increase | USD 6,000,000 |
| **Global Logistic Properties Investment Management (China) Co., Ltd.** | | | | |
| 29 May 2008 | USD 8,000,000 | USD 10,000,000 | Capital increase | USD 18,000,000 |
| **Global Logistic Properties Suzhou Share Service Co. Ltd.** | | | | |
| 10 December 2008 | RMB 15,000,000 (*See Note 6 below*) | | | RMB 15,000,000 |
| **GLP Zhongshan Logistic Facilities Co., Ltd.** | | | | |
| 24 August 2010 | RMB 26,260,000 (*See Note 6 below*) | | | RMB 26,260,000 |

Notes:

(1) Except for those dates marked with "*See Note 2 below*" or "*See Note 3 below*" in the above chart, all of other dates indicated in the above chart are the issuance dates of relevant capital contribution verification reports.

(2) The date as indicated in this row is the date when the relevant capital is actually injected into the bank account of the relevant subsidiary and such capital contribution has yet to be verified.
(3) The date as indicated in this row is the date when the relevant reduced capital actually flows out of the bank account of the relevant subsidiary.
(4) The increased portion of paid-up capital in the amount of RMB 69,798,800 as indicated in this row is accounted hereunder according to the Joint Venture Contract of Beijing City Power Warehousing Co., Ltd. (including any amendment or supplement), but it is subject to the further appraisal and capital verification.
(5) The receiving bank has received the injected amount but does not credit it to the remittee's bank account until the process of changing the remitter's name is finalized in the receiving bank because the remitter's name offshore has been changed to China Logistics Holding IX from ProLogis China Holding IX.
(6) The initial paid-up capital of relevant subsidiary as indicated in this row is the first capital contribution since the date of incorporation of such subsidiary.

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Urayasu Logistics Special Purpose Company** | | | | | |
| 26 March 2008 | 940 units of priority instruments reduced | ¥47,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥953,000,000 of priority instruments |
| **Narita Logistic Special Purpose Company** | | | | | |
| 19 October 2007 | 3,320 units of priority instruments reduced | ¥166,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,697,500,000 of priority instruments |
| 30 September 2008 | 2,220 units of priority instruments reduced | ¥111,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,586,500,000 of priority instruments |
| **Tokai Logistic Special Purpose Company** | | | | | |
| 26 November 2008 | 2,300 units of priority instruments reduced | ¥115,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥641,000,000 of priority instruments |
| **Fukusaki Logistics Special Purpose Company** | | | | | |
| 26 March 2008 | 1,260 units of priority instruments reduced | ¥63,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥285,000,000 of priority instruments |
| 31 March 2010 | 1,040 units of priority instruments reduced | ¥52,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥233,000,000 of priority instruments |
| **Narashino Logistics Special Purpose Company** | | | | | |
| 27 December 2007 | 1,800 units of priority instruments reduced | ¥90,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥825,000,000 of priority instruments |
| 31 March 2010 | 2,000 units of priority instruments reduced | ¥100,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥725,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Kazo Logistic Special Purpose Company** | | | | | |
| 19 October 2007 | 4,320 units of priority instruments reduced | ¥216,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥2,530,500,000 of priority instruments |
| 24 July 2008 | 4,320 units of priority instruments reduced | ¥216,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥2,314,500,000 of priority instruments |
| 30 March 2009 | 3,248 units of priority instruments reduced | ¥162,400,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥2,152,100,000 of priority instruments |
| **Funabashi Logistic Special Purpose Company** | | | | | |
| 26 March 2008 | 800 units of priority instruments reduced | ¥40,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥183,000,000 of priority instruments |
| **Kasukabe Logistic Special Purpose Company** | | | | | |
| 21 November 2007 | 1,580 units of priority instruments reduced | ¥79,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥189,000,000 of priority instruments |
| **Sugito Logistic Special Purpose Company** | | | | | |
| 22 September 2008 | 3,680 units of priority instruments reduced | ¥184,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,128,000,000 of priority instruments |
| 18 December 2009 | 2,820 units of priority instruments reduced | ¥141,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥987,000,000 of priority instruments |
| **Hirakata Logistic Special Purpose Company** | | | | | |
| 12 October 2007 | 1,700 units of priority instruments reduced | ¥85,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥601,000,000 of priority instruments |
| 25 December 2008 | 2,550 units of priority instruments reduced | ¥127,500,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥473,500,000 of priority instruments |
| 18 December 2009 | 1,280 units of priority instruments reduced | ¥64,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥409,500,000 of priority instruments |
| **Seishin Logistic Special Purpose Company** | | | | | |
| 21 December 2007 | 1,040 units of priority instruments reduced | ¥52,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥215,000,000 of priority instruments |
| 25 December 2008 | 640 units of priority instruments reduced | ¥32,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥183,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Okegawa Logistic Special Purpose Company** | | | | | |
| 21 December 2007 | 960 units of priority instruments reduced | ¥48,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥217,000,000 of priority instruments |
| 12 March 2009 | 1,068 units of priority instruments issued | ¥53,400,000 | ¥50,000 | Maintenance or enhancement o the value of specified assets | ¥270,400,000 of priority instruments |
| **Amagasaki Two Logistic Special Purpose Company** | | | | | |
| 21 December 2007 | 1,100 units of priority instruments reduced | ¥55,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥210,000,000 of priority instruments |
| 25 December 2008 | 1,080 units of priority instruments reduced | ¥54,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥156,000,000 of priority instruments |
| **Fukaehama Logistic Special Purpose Company** | | | | | |
| 19 August 2008 | 4,266 units of priority instruments reduced | ¥213,300,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,314,200,000 of priority instruments |
| **Atsugi Logistic Special Purpose Company** | | | | | |
| 11 March 2009 | 36 units of specified equity interests issued | ¥1,800,000 | ¥50,000 | Need of working capital | ¥1,900,000 of specified equity |
| **Sakai Logistic Special Purpose Company** | | | | | |
| 26 March 2008 | 1,690 units of specified equity interests issued | ¥84,500,000 | ¥50,000 | Need of working capital | ¥84,600,000 of specified equity |
| 27 March 2008 | 13,220 units of priority instruments issued | ¥661,000,000 | ¥50,000 | Acquisition of specified assets and maintenance and enhancement of the value of specified assets | ¥661,000,000 of priority instruments |
| **Tomiya Logistic Special Purpose Company** | | | | | |
| 28 September 2007 | 1,200 units of priority instruments reduced | ¥60,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥346,000,000 of priority instruments |
| 22 September 2008 | 1,100 units of priority instruments reduced | ¥55,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥291,000,000 of priority instruments |
| **Hayashima Logistic Special Purpose Company** | | | | | |
| 30 October 2007 | 540 units of priority instruments reduced | ¥27,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥195,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Narita Two Logistic Special Purpose Company** | | | | | |
| 21 September 2007 | 1,240 units of priority instruments reduced | ¥62,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥91,000,000 of priority instruments |
| 25 December 2008 | 1,440 units of priority instruments reduced | ¥72,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | JP19,000,000 of priority instruments |
| **Tomisato Logistic Special Purpose Company** | | | | | |
| 22 February 2008 | 2,000 units of specified equity interests issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,100,000 of specified equity |
| **Tsumori Logistic Special Purpose Company** | | | | | |
| 18 July 2008 | 280 units of priority instruments reduced | ¥14,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥812,000,000 of priority instruments |
| 18 December 2009 | 320 units of priority instruments reduced | ¥16,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | JP796,000,000 of priority instruments |
| **Tosu Five Special Purpose Company** | | | | | |
| 11 March 2009 | 30 units of specified equity interests issued | ¥1,500,000 | ¥50,000 | Need of working capital | ¥1,600,000 of specified equity |
| **Hakozaki Special Purpose Company** | | | | | |
| 11 March 2009 | 30 units of specified equity interests issued | ¥1,500,000 | ¥50,000 | Need of working capital | ¥1,600,000 of specified equity |
| **Koshigaya Three Special Purpose Company** | | | | | |
| 11 March 2009 | 30 units of specified equity interests issued | ¥1,500,000 | ¥50,000 | Need of working capital | ¥1,600,000 of specified equity |
| **Yachiyo Special Purpose Company** | | | | | |
| 11 March 2009 | 30 units of specified equity interests issued | ¥1,500,000 | ¥50,000 | Need of working capital | ¥1,600,000 of specified equity |
| **Iwatsuki Logistic Special Purpose Company** | | | | | |
| 26 September 2008 | 2,000 units specified equity interests issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,100,000 of specified equity |
| 29 September 2008 | 43,140 units of priority instruments issued | ¥2,157,000,000 | ¥50,000 | Repayment of borrowing and maintenance and enhancement of the value of specified assets | ¥2,157,000,000 of priority instruments |
| 18 December 2009 | 4,000 units of priority instruments reduced | ¥200,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,957,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Koriyama Logistic Special Purpose Company** | | | | | |
| 29 October 2008 | 2,000 units specified equity interests issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,700,000 of specified equity |
| 4 November 2008 | 18,060 units of priority instruments issued | ¥903,000,000 | ¥50,000 | Repayment of borrowing and maintenance and enhancement of the value of specified assets | ¥903,000,000 of priority instruments |
| 18 December 2009 | 5,800 units of priority instruments reduced | ¥290,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥613,000,000 of priority instruments |
| **Kiyama Logistic Special Purpose Company** | | | | | |
| 14 March 2008 | 10 units specified equity interests issued | ¥500,000 | ¥50,000 | Need of working capital | ¥600,000 of specified equity |
| 19 December 2008 | 2,000 units specified equity interests issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,600,000 of specified equity |
| 22 December 2008 | 29,620 units of priority instruments issued | ¥1,481,000,000 | ¥50,000 | Repayment of loan and maintenance or enhancement of the value of specified assets | ¥1,481,000,000 of priority instruments |
| 18 December 2009 | 6,980 units of priority instruments reduced | ¥349,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥1,132,000,000 of priority instruments |
| **Shinkiba Logistic Special Purpose Company** | | | | | |
| 20 September 2007 | 1,000 units of priority instruments reduced | ¥50,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥1,900,000,000 of priority instruments |
| 30 September 2008 | 1,840 units of priority instruments reduced | ¥92,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥1,808,000,000 of priority instruments |
| **Shinsuna Logistic Special Purpose Company** | | | | | |
| 26 March 2008 | 540 units of priority instruments reduced | ¥27,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥ 2,953,000,000 of priority instruments |
| 30 March 2009 | 3,620 units of priority instruments reduced | ¥181,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥ 2,772,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Tokyo Logistic Special Purpose Company** | | | | | |
| 13 November 2007 | 6,400 units of priority instruments reduced | ¥320,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥3,744,500,000 of priority instruments |
| 24 July 2008 | 6,360 units of priority instruments reduced | ¥318,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥3,426,500,000 of priority instruments |
| 30 March 2009 | 4,776 units of priority instruments reduced | ¥238,800,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥3,187,700,000 of priority instruments |
| **Urayasu Two Logistic Special Purpose Company** | | | | | |
| 19 October 2007 | 2,380 units of priority instruments reduced | ¥119,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥690,100,000 of priority instruments |
| 30 March 2009 | 1,200 units of priority instruments reduced | ¥60,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥630,100,000 of priority instruments |
| **Osaka Logistic Special Purpose Company** | | | | | |
| 23 March 2007 | 12,000 units of priority instruments reduced | ¥600,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥3,610,500,000 of priority instruments |
| 19 October 2007 | 11,800 units of priority instruments reduced | ¥590,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥3,020,500,000 of priority instruments |
| 30 September 2008 | 9,600 units of priority instruments reduced | ¥480,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥2,540,500,000 of priority instruments |
| 21 November 2008 | 3,060 units of priority instruments reduced | ¥153,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥2,387,500,000 of priority instruments |
| 31 March 2010 | 5,080 units of priority instruments reduced | ¥254,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥2,133,500,000 of priority instruments |
| **Yokohama Logistic Special Purpose Company** | | | | | |
| 19 October 2007 | 5,000 units of priority instruments reduced | ¥250,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥4,298,000,000 of priority instruments |
| 30 March 2009 | 7,880 units of priority instruments reduced | ¥394,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥3,904,000,000 of priority instruments |
| 31 March 2010 | 5,000 units of priority instruments reduced | ¥250,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥3,654,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Narashino Two Logistic Special Purpose Company** | | | | | |
| 14 December 2007 | 7,260 units of priority instruments reduced | ¥363,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,447,000,000 of priority instruments |
| 25 December 2008 | 6,160 units of priority instruments reduced | ¥308,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,139,000,000 of priority instruments |
| 18 December 2009 | 7,400 units of priority instruments reduced | ¥370,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥769,000,000 of priority instruments |
| **Hirakata Two Logistic Special Purpose Company** | | | | | |
| 12 October 2007 | 4,040 units of priority instruments reduced | ¥202,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,004,000,000 of priority instruments |
| 25 December 2008 | 3,640 units of priority instruments reduced | ¥182,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥822,000,000 of priority instruments |
| **Cosmos Special Purpose Company** | | | | | |
| 21 December 2007 | 6,800 units of priority instruments reduced | ¥340,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥6,294,000,000 of priority instruments |
| 25 December 2008 | 7,780 units of priority instruments reduced | ¥389,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥5,905,000,000 of priority instruments |
| **Funabashi Two Logistic Special Purpose Company** | | | | | |
| 6 November 2007 | 3,180 units of priority instruments reduced | ¥159,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥456,000,000 of priority instruments |
| 25 December 2008 | 2,100 units of priority instruments reduced | ¥105,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥351,000,000 of priority instruments |
| **Urayasu Three Logistic Special Purpose Company** | | | | | |
| 10 September 2007 | 3,160 units of priority instruments reduced | ¥158,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥2,407,000,000 of priority instruments |
| 3 October 2008 | 3,800 units of priority instruments reduced | ¥190,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥2,217,000,000 of priority instruments |
| **Misato Logistic Special Purpose Company** | | | | | |
| 18 December 2009 | 5,420 units of priority instruments reduced | ¥271,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥721,000,000 of priority instruments |
| **Maishima One Logistic Special Purpose Company** | | | | | |
| 28 September 2007 | 1,200 units of priority instruments reduced | ¥60,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,019,000,000 of priority instruments |
| 29 July 2008 | 4,940 units of priority instruments reduced | ¥247,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥772,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Koshigaya Two Logistic Special Purpose Company** | | | | | |
| 25 December 2008 | 840 units of priority instruments reduced | ¥42,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥177,500,000 of priority instruments |
| **Maishima Two Logistic Special Purpose Company** | | | | | |
| 25 December 2008 | 4,060 units of priority instruments reduced | ¥203,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥1,568,000,000 of priority instruments |
| **Tokyo Two Logistic Special Purpose Company** | | | | | |
| 25 December 2008 | 9,720 units of priority instruments reduced | ¥486,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥880,000,000 of priority instruments |
| **Sendai Logistic Special Purpose Company** | | | | | |
| 21 December 2007 | 1,700 units of priority instruments reduced | ¥85,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥496,000,000 of priority instruments |
| 18 December 2008 | 2,200 units of priority instruments reduced | ¥110,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥386,000,000 of priority instruments |
| **Hayashima Two Logistic Special Purpose Company** | | | | | |
| 25 January 2008 | 2,000 units of specified equity interests instruments issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,100,000 of specified equity |
| 30 January 2008 | 2,780 units of priority instruments issued | ¥139,000,000 | ¥50,000 | Repayment of loan and maintenance or enhancement of the value of specified assets | ¥139,000,000 of priority instruments |
| 25 December 2008 | 785 units of priority instruments reduced | ¥39,250,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥99,750,000 of priority instruments |
| **Amagasaki Logistic Special Purpose Company** | | | | | |
| 14 March 2008 | 2,000 units of specified equity interests instruments issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,100,000 of specified equity |
| 12 March 2009 | 5,620 units of priority instruments issued | ¥281,000,000 | ¥50,000 | Maintenance and enhancement of the value of specified assets | ¥281,000,000 of priority instruments |
| 18 December 2009 | 5,220 units of priority instruments reduced | ¥261,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥20,000,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Sugito Two Logistic Special Purpose Company** | | | | | |
| 6 June 2008 .................... | 2,000 units of specified equity interests instruments issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,100,000 of specified equity |
| 4 December 2008 ............. | 26,000 units of priority instruments issued | ¥1,300,000,000 | ¥50,000 | Early redemption of 1st series of specified bonds and maintenance and enhancement of the value of specified assets | ¥1,300,000,000 of priority instruments |
| 12 March 2009 ................ | 7,900 units of priority instruments issued | ¥395,000,000 | ¥50,000 | Maintenance and enhancement of the value of specified assets | ¥1,695,000,000 of priority instruments |
| 18 December 2009 ............ | 4,400 units of priority instruments reduced | ¥222,000,000 | ¥50,000 | Distribution of surplus cash to the priority instrument holders | ¥1,473,000,000 of priority instruments |
| **Tosu One Logistic Special Purpose Company** | | | | | |
| 13 June 2008 ................... | 2,000 units of specified equity interests instruments issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,100,000 of specified equity |
| 19 June 2008 ................... | 40,020 units of priority instruments issued | ¥2,001,000,000 | ¥50,000 | Repayment of loan and maintenance or enhancement of the value of specified assets | ¥2,001,000,000 of priority instruments |
| 25 December 2008 ............ | 2,160 units of priority instruments reduced | ¥108,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,893,000,000 of priority instruments |
| 18 December 2009 ............ | 4,000 units of priority instruments reduced | ¥200,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥1,693,000,000 of priority instruments |
| **Akishima Logistic Special Purpose Company** | | | | | |
| 9 June 2008 .................... | 2 units of specified equity interests issued | ¥100,000 | ¥50,000 | Establishment of Company | ¥100,000 of specified equity |
| 3 September 2008 ............. | 6,286 units of specified equity interests issued | ¥314,300,000 | ¥50,000 | Need of working capital | ¥314,400,000 of specified equity |
| 4 September 2008 ............. | 61,260 units of priority instruments issued | ¥3,063,000,000 | ¥50,000 | Payment of the acquisition of specified assets and the acquisition cost, cost of issuance of priority instruments, and maintenance or enhancement of the value of specified assets | ¥3,063,000,000 of priority instruments |
| 18 December 2009 ............ | 4,500 units of priority instruments reduced | ¥225,000,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥2,838,000,000 of priority instruments |
| **Komaki Logistic Special Purpose Company** | | | | | |
| 22 October 2008 .............. | 2,000 units of specified equity interests issued | ¥100,000,000 | ¥50,000 | Need of working capital | ¥100,100,000 of specified equity |
| 27 October 2008 .............. | 62,390 units of priority instruments issued | ¥3,119,500 | ¥50,000 | Repayment of loan and maintenance or enhancement of the value of specified assets | ¥3,119,500,000 of priority instruments |

| Date of Issue | Number of Units of Priority Instruments or Specified Equity Issued/Reduced | Aggregate Consideration | Issue Price per Share | Purpose of Issue/ Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|---|
| **Misato Two Logistic Special Purpose Company** | | | | | |
| 14 March 2008 | 10 units of specified equity interests issued | ¥500,000 | ¥50,000 | Need of working capital | ¥600,000 of specified equity |
| 21 April 2009 | 4,506 units of specified equity interests issued | ¥225,300,000 | ¥50,000 | Need of working capital | ¥225,900,000 of specified equity |
| 22 April 2009 | 136,000 units of priority instruments issued | ¥6,800,000,000 | ¥50,000 | Repayment of outstanding loans and maintenance or enhancement of the value of specified assets | ¥6,800,000,000 of priority instruments |
| **Azalea Special Purpose Company** | | | | | |
| 25 September 2007 | 74,610 units of specified equity interests issued | ¥3,730,500,000 | ¥50,000 | Need of working capital | ¥3,730,600,000 of specified equity |
| 26 September 2007 | 623,670 units of priority instruments issued | ¥31,183,500,000 | ¥50,000 | Payment of the acquisition of specified assets and the acquisition cost, cost of issuance and priority instruments, and maintenance or enhancement of the value of specified assets | ¥31,183,500,000 of priority instruments |
| 25 December 2008 | 35,770 units of priority instruments reduced | ¥1,788,500,000 | N/A | Distribution of surplus cash to the priority instrument holders | ¥29,395,000,000 of priority instruments |

| Date of Issue | No. of Ordinary Shares/Preferred Shares Issued | Par Price per Share (US$) | Aggregate Par Value per Issuance (US$) | Purpose of Issue | Aggregate Par Value (US$) |
|---|---|---|---|---|---|
| **CLH Limited** | | | | | |
| 31 March 2008 | 1 ordinary share | 1.00 | 1.00 | Subscriber's Share issued by operation of law on registration | 1.00 |
| 31 March 2008 | 32 ordinary shares | 1.00 | 32.00 | Capital increase | 33.00 |
| 31 March 2008 | 67 ordinary shares | 1.00 | 67.00 | Capital increase | 100.00 |
| 25 April 2008 | 1 preferred share | 1.00 | 1.00 | Capital increase | 101.00 |
| 30 July 2008 | 16,750,000 ordinary shares | 1.00 | 16,750,000.00 | Capital increase | 16,750,101.00 |
| 30 July 2008 | 8,250,000 ordinary shares | 1.00 | 8,250,000.00 | Capital increase | 25,000,101.00 |
| 20 August 2008 | 13,227,810 ordinary shares | 1.00 | 13,227,810.00 | Capital increase | 38,227,911.00 |
| 20 August 2008 | 6,515,190 ordinary shares | 1.00 | 6,515,190.00 | Capital increase | 44,743,101.00 |
| 8 October 2008 | 10,576,620 ordinary shares | 1.00 | 10,576,620.00 | Capital increase | 55,319,721.00 |
| 8 October 2008 | 5,209,380 ordinary shares | 1.00 | 5,209,380.00 | Capital increase | 60,529,101.00 |
| 20 November 2008 | 4,187,500 ordinary shares | 1.00 | 4,187,500.00 | Capital increase | 64,716,601.00 |
| 20 November 2008 | 2,062,500 ordinary shares | 1.00 | 2,062,500.00 | Capital increase | 66,779,101.00 |
| 20 November 2008 | 646,174 ordinary shares | 1.00 | 646,174.00 | Capital increase | 67,425,275.00 |
| 20 November 2008 | 318,265 ordinary shares | 1.00 | 318,265.00 | Capital increase | 67,743,540.00 |
| 24 December 2008 | 20,784,223 ordinary shares | 1.00 | 20,784,223.00 | Capital increase | 88,527,763.00 |
| 24 December 2008 | 10,237,005 ordinary shares | 1.00 | 10,237,005.00 | Capital increase | 98,764,768.00 |
| **Golden Tulips Investment Limited** | | | | | |
| 25 Aug 2008 | 1 ordinary share | 1.00 | 1.00 | Subscriber's Share issued by operation of law on registration | 1.00 |
| 25 Aug 2008 | 99 ordinary shares | 1.00 | 99.00 | Capital increase | 100.00 |
| **Violet Investment Limited** | | | | | |
| 25 Aug 2008 | 1 ordinary share | 1.00 | 1.00 | Subscriber's Share issued by operation of law on registration | 1.00 |
| 25 Aug 2008 | 99 ordinary shares | 1.00 | 99.00 | Capital increase | 100.00 |

| Date of Issue | No. of Ordinary Shares/Preferred Shares Issued | Par Price per Share (US$) | Aggregate Par Value per Issuance (US$) | Purpose of Issue | Aggregate Par Value (US$) |
|---|---|---|---|---|---|
| **Global Logistic Properties Holdings Limited** | | | | | |
| 25 August 2008 | 1 ordinary share | 1.00 | 1.00 | Subscriber's Share issued by operation of law on registration | 1.00 |
| 25 August 2008 | 99 ordinary shares | 1.00 | 99.00 | Capital increase | 100.00 |
| 7 April 2009 | 450 ordinary shares | 1.00 | 450.00 | Capital increase | 550.00 |
| 7 April 2009 | 450 ordinary shares | 1.00 | 450.00 | Capital increase | 1,000.00 |
| 7 April 2009 | 1 Class A preferred share | 1.00 | 1.00 | Capital increase | 1,001.00 |
| 7 April 2009 | 500 Class B preferred shares | 1.00 | 500.00 | Capital increase | 1,501.00 |
| 7 April 2009 | 500 Class B preferred shares | 1.00 | 500.00 | Capital increase | 2,001.00 |

| Date of Issue | No. of Quotas Issued | Issue Price per Share (US$) | Aggregate Consideration (US$) | Purpose of Issue | Resultant Issued Share Capital (US$) |
|---|---|---|---|---|---|
| **China Logistics Holding LXIII Srl** | | | | | |
| 12 November 2007 | 1,000 common quotas | 1.00 | 1,000.00 | On organisation | 1,000.00 |

| Date of Issue | Number of Shares Issued | Issue Price per Share | Purpose of Issue | Resultant Issued Share Capital/Registered Capital |
|---|---|---|---|---|
| **Japan Logistic Properties 2 Pte. Ltd.** | | | | |
| 25 January 2008 | 864,048,000 | ¥1 | Capital increase | ¥61,317,200,300 |
| 25 January 2008 | 216,012,000 | ¥1 | Capital increase | ¥61,317,200,300 |
| 22 February 2008 | 2,121,520,000 | ¥1 | Capital increase | ¥63,969,100,300 |
| 22 February 2008 | 530,380,000 | ¥1 | Capital increase | ¥63,969,100,300 |
| 14 March 2008 | 9,859,735,868 | ¥1 | Capital increase | ¥76,293,770,135 |
| 14 March 2008 | 2,464,933,967 | ¥1 | Capital increase | ¥76,293,770,135 |
| 26 March 2008 | 67,960,000 | ¥1 | Capital increase | ¥76,378,720,135 |
| 26 March 2008 | 16,990,000 | ¥1 | Capital increase | ¥76,378,720,135 |
| 4 June 2008 | 3,000,000 | ¥1 | Capital increase | ¥76,382,470,135 |
| 4 June 2008 | 750,000 | ¥1 | Capital increase | ¥76,382,470,135 |
| 6 June 2008 | 5,848,704,951 | ¥1 | Capital increase | ¥83,693,351,325 |
| 6 June 2008 | 1,462,176,239 | ¥1 | Capital increase | ¥83,693,351,325 |
| 13 June 2008 | 2,013,500,225 | ¥1 | Capital increase | ¥86,210,226,606 |
| 13 June 2008 | 503,375,056 | ¥1 | Capital increase | ¥86,210,226,606 |
| 18 June 2008 | 443,629,136 | ¥1 | Capital increase | ¥86,764,763,026 |
| 18 June 2008 | 110,907,284 | ¥1 | Capital increase | ¥86,764,763,026 |
| 3 September 2008 | 252,200,000 | ¥1 | Capital increase | ¥87,080,013,026 |
| 3 September 2008 | 63,050,000 | ¥1 | Capital increase | ¥87,080,013,026 |
| 26 September 2008 | 695,508,850 | ¥1 | Capital increase | ¥87,949,399,089 |
| 26 September 2008 | 173,877,213 | ¥1 | Capital increase | ¥87,949,399,089 |
| 22 October 2008 | 1,171,010,404 | ¥1 | Capital increase | ¥89,413,162,094 |
| 22 October 2008 | 292,752,601 | ¥1 | Capital increase | ¥89,413,162,094 |
| 29 October 2008 | 981,753,467 | ¥1 | Capital increase | ¥90,640,353,928 |
| 29 October 2008 | 245,438,367 | ¥1 | Capital increase | ¥90,640,353,928 |
| 19 December 2008 | 998,899,626 | ¥1 | Capital increase | ¥91,888,978,461 |
| 19 December 2008 | 249,724,907 | ¥1 | Capital increase | ¥91,888,978,461 |
| **Atsugi Pte. Ltd.** | | | | |
| 11 March 2009 | 1,800,000 | ¥1 | Capital increase | ¥1,950,000 |
| **Sakai Pte. Ltd.** | | | | |
| 26 March 2008 | 84,950,000 | ¥1 | Capital increase | ¥85,100,000 |

| Date of Issue | Number of Shares Issued | Issue Price per Share | Purpose of Issue | Resultant Issued Share Capital/Registered Capital |
|---|---|---|---|---|
| **Hayashima Two Pte. Ltd.** | | | | |
| 25 January 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,750,000 |
| **Tomisato Pte. Ltd.** | | | | |
| 22 February 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,750,000 |
| **Amagasaki Pte. Ltd.** | | | | |
| 14 March 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,150,000 |
| **Sugito Two Pte. Ltd.** | | | | |
| 6 June 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,150,000 |
| **Tosu One Pte. Ltd.** | | | | |
| 13 June 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,750,000 |
| **Tosu Five Pte. Ltd.** | | | | |
| 16 May 2008 | 1 | ¥1 | Issued on incorporation | ¥1 |
| 4 June 2008 | 749,999 | ¥1 | Capital increase | ¥750,000 |
| 11 March 2009 | 1,500,000 | ¥1 | Capital increase | ¥2,250,000 |
| **Hakozaki Pte. Ltd.** | | | | |
| 20 May 2008 | 1 | ¥1 | Issued on incorporation | ¥1 |
| 4 June 2008 | 749,999 | ¥1 | Capital increase | ¥750,000 |
| 11 March 2009 | 1,500,000 | ¥1 | Capital increase | ¥2,250,000 |
| **Koshigaya Three Pte. Ltd.** | | | | |
| 16 May 2008 | 1 | ¥1 | Issued on incorporation | ¥1 |
| 4 June 2008 | 749,999 | ¥1 | Capital increase | ¥750,000 |
| 11 March 2009 | 1,500,000 | ¥1 | Capital increase | ¥2,250,000 |
| **Yachiyo Pte. Ltd.** | | | | |
| 16 May 2008 | 1 | ¥1 | Issued on incorporation | ¥1 |
| 4 June 2008 | 749,999 | ¥1 | Capital increase | ¥750,000 |
| 11 March 2009 | 1,500,000 | ¥1 | Capital increase | ¥2,250,000 |
| **Akishima Pte. Ltd.** | | | | |
| 16 May 2008 | 1 | ¥1 | Issued on incorporation | ¥1 |
| 4 June 2008 | 749,999 | ¥1 | Capital increase | ¥750,000 |
| 3 September 2008 | 315,250,000 | ¥1 | Capital increase | ¥316,000,000 |
| **Iwatsuki Pte. Ltd.** | | | | |
| 28 July 2008 | 1,200,000 | ¥1 | Capital increase | ¥1,350,000 |
| 26 September 2008 | 100,000,000 | ¥1 | Capital increase | ¥101,350,000 |
| **Komaki Pte. Ltd.** | | | | |
| 22 October 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,750,000 |
| **Koriyama One Pte. Ltd.** | | | | |
| 29 October 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,750,000 |
| **Kiyama Pte. Ltd.** | | | | |
| 19 February 2008 | 1 | ¥1 | Issued on incorporation | ¥1 |
| 25 February 2008 | 749,999 | ¥1 | Capital increase | ¥750,000 |
| 19 December 2008 | 100,000,000 | ¥1 | Capital increase | ¥100,750,000 |
| **Misato Two Pte. Ltd.** | | | | |
| 19 February 2008 | 1 | ¥1 | Issued on incorporation | ¥1 |
| 25 February 2008 | 749,999 | ¥1 | Capital increase | ¥750,000 |
| **Japan Logistic Properties 3 Pte. Ltd.** | | | | |
| 21 September 2007 | 10 | ¥1 | Issued on incorporation | ¥10 |
| 25 September 2007 | 2,998,400,000 | ¥1 | Capital increase | ¥3,748,000,010 |
| 25 September 2007 | 749,600,000 | ¥1 | Capital increase | ¥3,748,000,010 |
| **Satsuki Pte. Ltd.** | | | | |
| 25 September 2007 | 3,733,000,000 | ¥1 | Capital increase | ¥3,733,150,000 |
| **Satsuki Izumisano Pte. Ltd.** | | | | |
| 25 September 2007 | 10,000,000 | ¥1 | Capital increase | ¥10,150,000 |

| Date of Issue | Number of Shares Issued | Issue Price per Share | Purpose of Issue | Resultant Issued Share Capital/Registered Capital |
|---|---|---|---|---|
| **GLP Singapore Pte. Ltd.** | | | | |
| 2 March 2009 | 1 | US$1 | Issued on incorporation | US$1 |
| 7 April 2009 | 1,200,000 | US$1 | Capital increase | US$1,200,001 |
| **China Logistics Holding (1) Pte. Ltd.** | | | | |
| 16 April 2010 | 100 | US$1 | Issued on incorporation | US$100 |
| 26 May 2010 | 3,050,000 | US$1 | Capital increase | US$3,050,100 |
| 2 June 2010 | 5,610,000 | US$1 | Capital increase | US$8,660,100 |

| Date of Issue | No. of Shares Issued/ Converted | Issue Price per Share (HK$) | Aggregate Consideration (HK$) | Purpose of Issue | Resultant Issued Share Capital (HK$ unless otherwise expressed) |
|---|---|---|---|---|---|
| **The Bund Holding Limited** | | | | | |
| 12 June 2008 | 1 | 1 | 1 | Issued on incorporation | 1 |
| **Blue Earth Holding Limited** | | | | | |
| 12 June 2008 | 1 | 1 | 1 | Issued on incorporation | 1 |
| **The Peacefields Holding Limited** | | | | | |
| 12 June 2008 | 1 | 1 | 1 | Issued on incorporation | 1 |
| **Vailog Hong Kong DC6 Co., Ltd** | | | | | |
| 8 September 2009 | 1 | 1 | 1 | Issued on incorporation | 1 |
| 8 September 2009 | 999 | 1 | 999 | Capital increase | 1,000 |
| **Vailog Hong Kong DC3 Co., Ltd** | | | | | |
| 14 November 2007 | 1 | 1 | 1 | Issued on incorporation | 1 |
| 14 November 2007 | 999 | 1 | 999 | Capital increase | 1,000 |
| 31 December 2008 | 49,210,214 | 1 | 49,210,214 | Capital increase | 49,211,214 |
| 31 December 2008 | Converted 49,211,214 shares of HK$1 each into 6,309,130 shares of US$1 each and converted the unissued 114,588,786 shares of HK$1.00 each into 14,690,870 shares of US$1.00 each | N.A. | N.A. | Conversion of existing issued shares from HK$ to US$ | US$6,309,130 |

| Date of Issue | No. of Shares Issued/ Converted | Issue Price per Share (HK$) | Aggregate Consideration (HK$) | Purpose of Issue | Resultant Issued Share Capital (HK$ unless otherwise expressed) |
|---|---|---|---|---|---|
| **Logistics Star Management Limited** | | | | | |
| 31 July 2008 | 1 | 1 | 1 | Issued on incorporation | 1 |

## Working Capital

7. Except as disclosed under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Borrowings", we have, as of the Latest Practicable Date, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptances credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

8. Our Directors are of the opinion that, as of the date of lodgment of this offering document, after taking into consideration our present cash position, we have adequate working capital to meet our present requirements.

## Material Contracts

9. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgment of this offering document and are or may be material:

   (a) the Master Restructuring Agreement dated September 27, 2010 entered into between our Company, SMG, Recosia China, Recosia, Reco Logistics Management, Reco Platinum, Reco Benefit and Reco Heir in relation to the Corporate Reorganization;

   (b) the Cornerstone Subscription Agreements relating to the subscription of the Cornerstone Shares by the Cornerstone Investers described in "Share Capital and Shareholders—Information on Cornerstone Investors";

   (c) Master Implementation Agreement (the "MIA") dated December 23, 2008 between ProLogis and the Company in relation to the 2009 Acquisition involving, inter alia, the sale and purchase of ProLogis' interests, held via certain intermediate vehicles, in certain warehouse, logistics and distribution facilities in Japan and China, for an aggregate consideration of S$1.3 billion (plus or minus adjustment amounts);

   (d) Supplemental Agreement to the MIA dated February 9, 2009 between ProLogis and the Company in relation to inter alia additional conditions to be fulfilled by ProLogis (including the procuring of audits and audit opinions in respect of certain entities acquired pursuant to the MIA) prior to full payment by the Company to ProLogis of the aggregate consideration under the MIA;

   (e) Tax Deed of Covenant dated February 9, 2009 between ProLogis and the Company entered into pursuant to the MIA in relation to the undertaking by ProLogis to bear, inter alia, the tax liabilities of the entities acquired by the Company in respect of or arising from any transaction effected or deemed to have been effected on or before October 31, 2008;

   (f) Deed of Termination dated February 9, 2009 between the Company, ProLogis China Cayman Holding Limited, ProLogis China Investment Holding I Limited and ProLogis China Investment Management I Limited in relation to the termination of an investment deed dated April 25, 2008 previously entered into by the parties which governed their previous relationship as co-investors in ProLogis China Investment Holding I Limited to invest primarily in warehouse, logistic and distribution facilities in China;

(g) Confirmation between ProLogis and the Company dated September 11, 2009 in relation to the clarification and confirmation of the interpretation of a specified provision in the MIA;

(h) Letter Agreement dated December 29, 2009 between ProLogis and the Company in relation to obligations of ProLogis under an indemnity in respect of land title matters (including the matters described in "Risk Factors — We may not have obtained all the land use rights certificates and building ownership certificates for certain of our facilities and one of our properties is subject to a land tender process") relating to the land held by GLP Nanjing Jiangning Development Co., Ltd., which was originally acquired from ProLogis;

(i) Facility Agreement dated June 30, 2010 between Recosia China as lender and the Company as borrower, pursuant to which Recosia China extended the Recosia China 2010 Loan (as described in "History and Corporate Reorganization — The Loan Repayment and Capitalization" and "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions — (C) Shareholder's Loan from Recosia China") to the Company;

(j) Facility Agreement dated June 30, 2010 between the Company as lender and CLH Limited (which is a wholly-owned subsidiary of the Company and the holding company of the China Portfolio) as borrower, pursuant to which the Company extended an uncommitted facility of up to US$150,000,000 (of which approximately US$100.8 million, being an amount equivalent to the Recosia China 2010 Loan, was drawn down as of the Latest Practicable Date) to CLH Limited;

(k) In connection with the Corporate Reorganization, deed of novation dated August 25, 2010 between the Company, Credit Agricole Corporate and Investment Bank, Singapore Branch and Recosia China under which the Company novated to Recosia China a term loan facility for US$170,000,000 extended by Credit Agricole Corporate and Investment Bank, Singapore Branch. This term loan facility was originally entered into by the Company with the assistance of Recosia China while the Company was the wholly-owned subsidiary of Recosia China. As part of the Corporate Reorganization, this term loan facility was novated by the Company to Recosia China, upon which the amounts drawn thereunder were converted into part of the intercompany advances from Recosia China as described in "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions — (B) Intercompany advances from Recosia China"; and

(l) In connection with the Corporate Reorganization, deed of novation dated August 25, 2010 between the Company, Commerzbank AG, Singapore Branch and Recosia China under which the Company novated to Recosia China a bridging loan facility for US$150,000,000 extended by Commerzbank AG. This term loan facility was originally entered into by the Company with the assistance of Recosia China while the Company was the wholly-owned subsidiary of Recosia China. As part of the Corporate Reorganization, this term loan facility was novated by the Company to Recosia China, upon which the amounts drawn thereunder were converted into part of the intercompany advances from Recosia China as described in "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions — (B) Intercompany advances from Recosia China".

**Miscellaneous**

10. No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company including an interest in the success of the Offering.

11. Except as disclosed in "Plan of Distribution—Other Relationships", our Company does not have any material relationship with the Joint Global Coordinators and Joint Underwriters, or any other financial adviser in relation to the Offering.

12. Save as disclosed under the Combined Financial Statements of our Group for the Years Ended March 31, 2008, 2009 and 2010—Subsequent Events found in the Notes to the combined financial statements and Unaudited Pro Forma Financial Statements for the Years Ended March 31, 2008, 2009 and 2010 and the Three-Month Period Ended June 30, 2010, our Directors are not aware of any event which has occurred since March 31, 2010 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group.

13. Except as disclosed under "Risk Factors—Risks Relating to Our Business and Operations—We are subject to the risks of the logistics facilities business", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Results of our Operations" and "Appendix A—Industry Overview—Asia—4. Logistics Facility Market Overview," "—China—6. China Logistics Facility Market Overview," and "—Japan—10. Logistics Real Estate Market Overview," and barring any unforeseen circumstances, our Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause our financial information disclosed in this offering document to be not necessarily indicative of our future operating results or financial condition.

**Consents**

14. Citigroup Global Markets Singapore Pte. Ltd., named as a Joint Global Coordinator, Joint Issue Manager, Joint Bookrunner and Joint Underwriter, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the offering document, and to act in such capacity in relation to this offering document.

15. J.P. Morgan (S.E.A.) Limited, named as a Joint Global Coordinator, Joint Issue Manager, Joint Bookrunner and Joint Underwriter, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the offering document, and to act in such capacity in relation to this offering document.

16. DBS Bank Ltd., named as a Joint Bookrunner and Joint Underwriter, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the offering document, and to act in such capacity in relation to this offering document.

17. UBS AG, Singapore Branch, named as a Joint Bookrunner and Joint Underwriter, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the offering document, and to act in such capacity in relation to this offering document.

18. China International Capital Corporation Hong Kong Securities Limited, named as a Joint Bookrunner and International Underwriter, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the offering document, and to act in such capacity in relation to this offering document.

19. China International Capital Corporation (Singapore) Pte. Limited, named as a Joint Bookrunner and Singapore Underwriter, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the offering document, and to act in such capacity in relation to this offering document.

20. Nomura Securities Singapore Pte. Ltd., named as a Lead Manager and Joint Underwriter, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to, its name and references thereto in the form and context in which it appears in the offering document, and to act in such capacity in relation to this offering document.

21. Jones Lang LaSalle Limited, named as an Independent Valuer, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of the valuation date, valuation and valuation methodology of the relevant properties set out against its name in Appendix D of this offering document and references to its name, in the form and context in which it appears in this offering document and to act in such capacity in relation to this offering document.

22. Jones Lang LaSalle K.K., named as an Industry Consultant, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of the statements in the section "Appendix A—Industry Overview—Japan" included in Appendix A of this offering document and references to its name, in the form and context in which it appears in this offering document and to act in such capacity in relation to this offering document.

23. CB Richard Ellis (Pte) Ltd, named as an Independent Valuer, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of the valuation date, valuation and valuation methodology of the relevant properties set out against its name in Appendix D of this offering document and references to its name, in the form and context in which it appears in this offering document and to act in such capacity in relation to this offering document.

24. CB Richard Ellis Limited, named as an Industry Consultant, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of statements in the sections "Appendix A—Industry Overview—Asia" and "Appendix A—Industry Overview—China" included in Appendix A of this offering document and references to its name, in the form and context in which it appears in this offering document and to act in such capacity in relation to this offering document.

25. KPMG LLP has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of, and all references to (i) its name, (ii) the independent auditor's report in relation to the combined financial statements of the Company and its subsidiaries for the years ended March 31, 2008, 2009 and 2010, (iii) the reporting accountant's review report in relation to the unaudited interim combined financial statements of the Company and its subsidiaries for the three-month periods ended June 30, 2009 and 2010 and (iv) the report in relation to the unaudited pro forma financial information of the Company and its subsidiaries for the three-month period ended June 30, 2010 and for the years ended March 31, 2008, 2009 and 2010, in the form and context in which they are included in this offering document. A written consent under the Securities and Futures Act is different from a consent filed with the SEC under Section 7 of the US Securities Act, which is applicable only to transactions involving securities registered under the US Securities Act. As our Shares in the Offering have not

and will not be registered under the US Securities Act, KPMG LLP has not filed a consent under Section 7 of the US Securities Act.

26. Commerce and Finance Law Offices, named as our PRC legal adviser, has given and has not withdrawn its written consent to the issue of this offering document with the inclusion herein of the statements attributed to them in the sections "Risk Factors—Risks Relating to Our Operations in China—The PRC government may require us to forfeit our land use rights or penalize us if we were to fail to comply with the terms of land grant contracts" and "Risk Factors—Risks Relating to Our Operations in China—We may not have obtained all the land use rights certificates and building ownership certificates for certain of our facilities and one of our properties is subject to a land tender process." and references to its name, in the form and context in which it appears in this offering document and to act in such capacity in relation to this offering document.

**Documents Available for Inspection**

27. Copies of the following documents may be inspected at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 during normal business hours for a period of six months from the date of this offering document:

    (a) the Memorandum and Articles of Association of our Company;

    (b) the combined financial statements of the Company and its subsidiaries for the years ended March 31, 2008, 2009 and 2010, the unaudited interim combined financial statements of the Company and its subsidiaries for the three-month periods ended June 30, 2009 and 2010 and the unaudited pro forma financial information of the Company and its subsidiaries for the three-month period ended June 30, 2010 and for the years ended March 31, 2008, 2009 and 2010;

    (c) the material contracts referred to in paragraph 9 above;

    (d) the letters of consent referred to in paragraphs 14 to 26 above;

    (e) the reports referred to in paragraph 25 above;

    (f) the audited financial statements (including all notes, reports or information relating thereto which are required to be prepared under the Singapore Companies Act, where applicable) of Company and its subsidiaries for the years ended March 31, 2008, 2009 and 2010;

    (g) the unaudited restated annual financial statements of relevant subsidiaries used in the preparation of the unaudited pro forma financial information and the audited annual financial statements which form the basis for the restated annual financial statements;

    (h) the respective valuation reports and/or valuation certificates of our properties in which we have an interest which are set out in Appendix D of this offering document;

    (i) the service agreements referred to in "Management—Service Agreements"; and

    (j) the rules of the Restricted Share Plan and the Performance Share Plan.

**Sources**

28. We have included the information from this source in its proper form and context in this offering document. None of the Japan Institute of Logistics Systems, the International Monetary Fund, Anoop Singh, OANDA or Bloomberg L.P. has provided its consent, for purposes of Section 249 of the Securities and Futures Act, to the inclusion of the

information cited and attributed to it, in this offering document, and is thereby not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While we, the Vendor, Reco Platinum and the Joint Global Coordinators and Joint Underwriters have taken reasonable actions to ensure that the market forecasts, exchange rates or other information have been reproduced in their proper form and context, we, the Vendor, Reco Platinum, the Joint Global Coordinators, Joint Underwriters or any other party have not conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

| | |
|---|---|
| "Act" or "Singapore Companies Act" | The Companies Act, Chapter 50, of Singapore (as amended and supplemented from time to time) |
| "Additional Shares" | An aggregate of 234,648,000 Shares that the Stabilizing Manager may purchase pursuant to the Over-allotment Option |
| "Application Forms" | The printed application forms to be used for the purpose of the Public Offer and which forms part of this offering document |
| "Application List" | The list of applications for purchase of the Offering Shares |
| "Articles of Association" | Articles of association of our Company |
| "associate(s)" | (a) in relation to any director, chief executive officer, controlling or substantial shareholder (being an individual) means:–<br>(i) his immediate family;<br>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and<br>(iii) any corporation in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and<br>(b) in relation to a substantial or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more |
| "associated company" | In relation to an entity, means:<br>(a) any corporation, other than a subsidiary of the entity, in which:<br>(i) the entity or one or more of its subsidiaries or subsidiary entities has;<br>(ii) the entity, one or more of its subsidiaries and one or more of its subsidiary entities together have;<br>(iii) the entity and one or more of its subsidiaries together have;<br>(iv) the entity and one or more of its subsidiary entities together have; or |

(v) one or more of the subsidiaries of the entity and one or more of the subsidiary entities of the entity together have,

a direct interest in voting shares of not less than 20.0% but not more than 50.0% of the total votes attached to all voting shares in the corporation; or

(b) any corporation, other than a subsidiary of the entity or a corporation which is an associated company of the entity by virtue of paragraph (a), the policies of which:

(i) the entity or one or more of its subsidiaries or subsidiary entities;

(ii) the entity together with one or more of its subsidiaries and one or more of its subsidiary entities;

(iii) the entity together with one or more of its subsidiaries;

(iv) the entity together with one or more of its subsidiary entities; or

(v) one or more of the subsidiaries of the entity together with one or more of the subsidiary entities of the entity,

is or are able to control or influence materially

| | |
|---|---|
| "ATM" ................................ | Automated teller machine of a Participating Bank |
| "Audit Committee" ................. | The audit committee of our Company |
| "Authority" or "MAS" ............. | The Monetary Authority of Singapore |
| "Award" .............................. | The awards granted in accordance with the respective rules of the Share Plans |
| "Board" or "Board of Directors".. | Our Company's board of Directors |
| "Bonded" ............................. | A logistics facility in which dutiable goods may be stored, manipulated or undergo manufacturing operations without payment of duty; a customs bond must be posted with the relevant government |
| "CAGR" ............................... | Compound annual growth rate |
| "CBRE GRES" ...................... | CB Richard Ellis Global Real Estate Securities, LLC, a Cornerstone Investor |
| "CBRE Group" ...................... | CB Richard Ellis Group, Inc. |
| "CBRE Limited" ..................... | CB Richard Ellis Limited, an Industry Consultant |
| "CBRE PL" ........................... | CB Richard Ellis (Pte) Ltd, an Independent Valuer |
| "CDP" ................................ | The Central Depository (Pte) Limited |
| "Closing Date" ...................... | The closing date of the Offering |

| | |
|---|---|
| "Code of Corporate Governance" | The Singapore Code of Corporate Governance 2005 |
| "Company" or "our Company" or "GLP" | Global Logistic Properties Limited, a company incorporated in Singapore on August 28, 2007 |
| "controlling shareholder" | In relation to a corporation, means a person who:<br>(a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the corporation; or<br>(b) in fact exercises control over the corporation |
| "Cornerstone Investors" | Alibaba Group Treasury Limited, Bosera Asset Management Co., Ltd, CB Richard Ellis Global Real Estate Securities, LLC, Chow Tai Fook Nominee Limited, Jovina Investments Limited, ING Clarion Real Estate Securities, LLC, Lion Global Investors Limited, Owl Creek Asset Management, L.P., Vervain Equity Investment Limited and View Far Management Limited |
| "Cornerstone Shares" | The Shares issued pursuant to the Cornerstone Subscription Agreements |
| "Cornerstone Subscription Agreements" | The cornerstone subscription agreements dated September 27, 2010, entered into between the Company and the Cornerstone Investors |
| "Corporate Reorganization" | The restructuring exercise undertaken by our Group as described in the section titled "History and Corporate Reorganization" of this offering document |
| "CPF" | The Central Provident Fund |
| "Directors" | Our Company's directors |
| "Executive Directors" | Our Company's executive Directors |
| "Executive Officers" | Our Company's executive officers |
| "GDP" | Gross domestic product |
| "GFA" | Gross floor area |
| "GIC" | Government of Singapore Investment Corporation Private Limited |
| "GIC Realty" | Government of Singapore Investment Corporation (Realty) Private Limited |
| "GIC Real Estate" | GIC Real Estate Private Limited |
| "GLP ABC" | GLP Associate Benefits Co. Ltd. |
| "GLPH" | Global Logistic Properties Holdings Limited |

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| "GST" | Singapore goods and services tax |
| "IFRS" | International Financial Reporting Standards |
| "IMF" | International Monetary Fund |
| "Independent Directors" | Our Company's independent Directors |
| "Issue Shares" | 1,135,273,000 Shares issued by our Company |
| "JLL Japan" | Jones Lang LaSalle K.K., an Industry Consultant |
| "JLL Limited" | Jones Lang LaSalle Limited, an Independent Valuer |
| "JLP1" | Japan Logistic Properties 1 Private Limited |
| "JLP2" | Japan Logistic Properties 2 Pte. Ltd. |
| "JLP3" | Japan Logistic Properties 3 Pte. Ltd. |
| "Jointly-controlled Entities" | Entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions |
| "Latest Practicable Date" | September 15, 2010, which is the latest practicable date prior to the lodgment of this offering document with the Authority |
| "Listing Manual" | Listing manual of the SGX-ST |
| "Market Day" | A day on which the SGX-ST is open for trading in securities |
| "Master Restructuring Agreement" | The master restructuring agreement dated September 27, 2010, entered into between our Company, SMG, Reco Logistics Management, Recosia, Recosia China, Reco Platinum, Reco Benefit and Reco Heir |
| "Memorandum" | Memorandum of association of our Company |
| "Nominating Committee" | The nominating committee of our Company |
| "Non-Executive Directors" | Our Company's non-executive Directors |
| "Offer Agreement" | The offer agreement made between our Company, the Vendor, Jeffrey H. Schwartz, Ming Z. Mei the Joint Global Coordinators, the Singapore Underwriters and the Lead Manager dated October 8, 2010 in relation to the Public Offer |
| "Offering" | The Placement and the Public Offer |
| "offering document" or "Prospectus" | This offering document dated October 11, 2010 |
| "Offering Shares" | 1,173,244,000 Shares offered by our Company and the Vendor |

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| "Over-allotment Option" .......... | The option granted to the Stabilizing Manager on behalf of the Joint Global Coordinators, International Underwriters, and the Lead Manager by Reco Platinum, exercisable in whole or in part by the Stabilizing Manager on one or more occasions from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 234,648,000 Shares, representing 20% of the total Offering Shares, to undertake stabilizing actions, to subscribe and/or purchase the Additional Shares at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any |
| "Participating Banks" .............. | DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited |
| "Performance Share Plan".......... | Our Company's performance share plan approved on September 24, 2010 |
| "Placement" .......................... | The international placement of Offering Shares to investors, including institutional and other investors in Singapore |
| "Plan Shares"......................... | The new Shares to be allotted and issued pursuant to the grant of Awards |
| "PRC" or "China" ................... | The People's Republic of China, excluding Hong Kong Special Administrative Regions ("SAR"), Macau SAR and Taiwan for the purposes of this offering document |
| "ProLogis" ............................ | A NYSE-listed provider of distribution facilities. For more information on our relationship with ProLogis, see "History and Corporate Reorganization" |
| "Public Offer" ........................ | An offering to the public in Singapore |
| "Record Date"........................ | The date as at the close of business on which the shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions |
| "Receiving Banker" ................. | DBS Bank Ltd. |
| "Recosia China" ..................... | Recosia China Pte Ltd |
| "Recosia" .............................. | Recosia Pte Ltd, which is the holding company of Recosia China |
| "Reco Benefit"....................... | Reco Benefit Private Limited |
| "Reco Heir" .......................... | Reco Heir Private Limited |
| "Reco Logistics Management" .... | Reco Logistics Management Private Limited |

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| "Reco Platinum" | Reco Platinum Pte Ltd |
| "Regulation S" | Regulation S under the US Securities Act |
| "related corporation" | Has the meaning ascribing to it in the Fourth Schedule of the SFR |
| "related entity" | Has the meaning ascribed to it in the Fourth Schedule of the SFR |
| "Reorganization Shares" | The JLP1 Consideration Shares, the JLP2 Consideration Shares, RLM GLPH Consideration Shares, the SMG GLPH Consideration Shares, the Reco Capitalisation Shares, and the Recosia Advances Capitalisation Shares |
| "Restricted Share Plan" | Our Company's restricted share plan approved on September 24, 2010 |
| "RMB" | The lawful currency of the People's Republic of China |
| "Rule 144A" | Rule 144A under the US Securities Act |
| "S$", "Singapore dollars" or "Singapore cents" | The lawful currency of the Republic of Singapore |
| "SAFE" | State Administration of Foreign Exchange |
| "SCCS" | Securities Clearing & Computer Services (Pte) Ltd |
| "SEC" | US Securities and Exchange Commission |
| "Securities and Futures Act" or "SFA" | The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time |
| "Securities account" | Securities account maintained by a Depositor with CDP |
| "SGX-ST" | Singapore Exchange Securities Trading Limited |
| "Shares" | Ordinary shares in the capital of our Company |
| "shareholders" | Shareholders holding ordinary shares in the capital of our Company |
| "Share Plans" | The Performance Share Plan and the Restricted Share Plan |
| "Share Split" | The sub-division of each ordinary share in the capital of our Company into 183,035,676 Shares |
| "Singapore Holding Companies" | Wholly-owned subsidiaries of our Group which are incorporated in Singapore |
| "SMG" | Schwartz-Mei Group Limited |
| "sq. m." | Square meters |

| | |
|---|---|
| "stabilized property" | A property that has reached 93% occupancy, or has been completed for one year, whichever comes first. |
| "subsidiary" | Has the meaning ascribed to it in the Fourth Schedule of the SFR |
| "subsidiary entity" | Has the meaning ascribed to it in the Fourth Schedule of the SFR |
| "substantial shareholder" | A person who has an interest or interests in one or more voting Shares in our Company, and the total votes attached to those Shares is not less than 5.0% of the total votes attached to all the Shares in our Company |
| "Underwriting Agreement" | The international underwriting agreement dated October 8, 2010 entered into between our Company, the Vendor, Jeffrey H. Schwartz, Ming Z. Mei, Reco Platinum, the Joint Global Coordinators, International Underwriters and Lead Manager in relation to the Placement |
| "US GAAP" | Generally accepted accounting principles in the United States |
| "US Investment Company Act" | The United States Investment Company Act of 1940, as amended |
| "US Securities Act" | The United States Securities Act of 1933, as amended |
| "USA" or "US" | The United States of America |
| "Vendor" | SMG |
| "WALE" | Weighted average lease expiry, or the average lease term remaining to expiry across the portfolio, weighted by leased space. |

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## APPENDIX A
## INDUSTRY OVERVIEW

*CBRE Limited has prepared the Asia and China sections set out on pages A-2 to A-55, and JLL Japan has prepared the Japan section set out on pages A-56 to A-77, for inclusion in this offering document. All the information and data presented in this "Appendix A—Industry Overview" in respect of Asia, China and Japan, including the analysis of the respective markets in which we operate, have been provided by the relevant Industry Consultant.*

*The Industry Consultants advise that their forecasts should be regarded as indicative assessments of possibilities rather than absolute certainties, and that the process of making forecasts involves assumptions in respect of a considerable number of variables which are acutely sensitive to changing conditions, variations in any one of which may significantly affect the outcome. The Industry Consultants advise that while they have made certain assumptions with careful consideration of factors known as at the date of this offering document, prospective investors should consider the risk that any of the assumptions may be incorrect or incomplete. The Industry Consultants advise further that these sections contain significant volumes of information which are derived from third-party sources, and that while the Industry Consultants believe that such third-party sources are reliable, the Industry Consultants do not warrant or represent that such information is accurate or correct. Each Industry Consultant accepts liability only to the extent of any error or omission from, or a false or misleading statement in, its section and information derived from its section, and does not accept liability for any omission or statement in any other part of this offering document.*

*While we believe that the information and data in this "Appendix A—Industry Overview" are reliable, we cannot ensure the accuracy of the information or data, and none of our Company, the Vendor, Reco Platinum, the Joint Global Coordinators and Joint Issue Managers, the Joint Bookrunners and Joint Underwriters and the Lead Manager or any of our and their respective affiliates or advisors have independently verified this information or data. You should not assume that the information and data contained in this section speak as of any date other than the date of this offering document, except as otherwise indicated. You should also be aware that since the date of this offering document there may have been changes in the logistics industry, the logistics facility industry and the various sectors therein that could affect the accuracy or completeness of the information in this "Appendix A—Industry Overview".*

*For more information on the bases of preparation and presentation of this "Appendix A—Industry Overview", see "Market and Industry Information."*

# ASIA

## 1. REGIONAL ECONOMIC OVERVIEW

| 2009 | World | Western Europe** | US | Asia | China | India | Japan |
|---|---|---|---|---|---|---|---|
| Population (Million) | 6,780 | 480 | 307 | 3,813 | 1,328 | 1,169 | 128 |
| Nominal GDP (USD Billion) | 58,127 | 16,720 | 14,258 | 15,862 | 4,909 | 1,287 | 5,068 |
| Real GDP Growth (%) | -0.6% | -4.1% | -2.4% | 3.6% | 9.1% | 5.7% | -5.2% |
| GDP (Adjusted for PPP) (int. Dollar Billion) | 69,751 | 14,488 | 14,259 | 24,214 | 8,765 | 3,786 | 4,160 |
| Annual Disposable Income per capita (USD)* | 5,487 | 21,980 | 33,886 | 2,392 | 2,057 | 863 | 25,508 |
| Consumer Expenditure (USD Billion) | 34,009 | 9,533 | 9,827 | 7,362 | 1,703 | 724 | 2,923 |
| CPI (Average % Change) | 2.6 | 0.9 | -0.3 | 2.1 | -0.7 | 10.8 | -1.3 |
| Exports (USD Billion) | 12,629 | 4,396 | 1,057 | 3,782 | 1,203 | 164 | 542 |
| Imports (USD Billion) | 12,383 | 4,376 | 1,558 | 3,510 | 954.0 | 268.4 | 499.7 |

*Remarks: Figures of annual disposable income per capita and consumer expenditure are on the basis of constant 2009 prices with fixed 2009 exchange rates. Source: Euromonitor International, Economist Intelligence Unit, Consensus Economics Inc., CB Richard Ellis. ** Western Europe is composed of: Andorra, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, United Kingdom, Vatican City, etc.

### 1.1. Gross Domestic Product (GDP)

Asian(1) economies, which accounted for 27.3% of global GDP 2009, have grown faster than any other region in the world over the past five years. China and Japan are currently two of the largest economies in the region. In 2009, Asia's GDP recorded a moderate 3.6% y-o-y growth in GDP, attributable primarily to the strong performance of the economies in China and India, which served as the significant economic growth engine driving the global economic growth. Euromonitor forecasts that by 2014, the nominal GDP for Asia will increase by 50%, accounting for 28.4% of the world's GDP and will exceed the economies of North America and Western Europe. Over the same period, the GDP of China and India are forecasted to grow by about 70% by 2014.

Real GDP Growth of Selected Geographies (2005-2014)

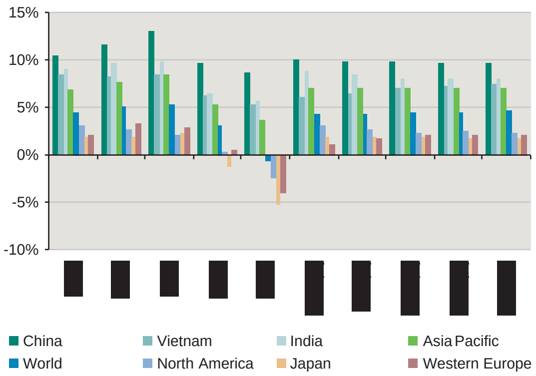
| Geographies | 2005 | 2006 | 2007 | 2008 | 2009 | 2010(F) | 2011(F) | 2012(F) | 2013(F) | 2014(F) |
|---|---|---|---|---|---|---|---|---|---|---|
| World | 4.5% | 5.1% | 5.2% | 3.0% | -0.6% | 4.2% | 4.3% | 4.4% | 4.5% | 4.6% |
| Asia | 6.8% | 7.6% | 8.4% | 5.2% | 3.6% | 7.0% | 7.0% | 7.0% | 7.0% | 7.1% |
| Western Europe | 2.2% | 3.2% | 2.8% | 0.6% | -4.1% | 1.2% | 1.7% | 2.1% | 2.1% | 2.1% |
| North America | 3.1% | 2.7% | 2.2% | 0.4% | -2.5% | 3.1% | 2.6% | 2.4% | 2.5% | 2.4% |
| China | 10.4% | 11.6% | 13.0% | 9.6% | 9.1% | 10.0% | 9.9% | 9.8% | 9.7% | 9.6% |
| India | 9.0% | 9.6% | 9.9% | 6.5% | 5.7% | 8.8% | 8.4% | 8.0% | 8.1% | 8.1% |
| Japan | 1.9% | 2.0% | 2.4% | -1.2% | -5.2% | 1.9% | 2.0% | 2.0% | 1.8% | 1.8% |
| Vietnam | 8.4% | 8.2% | 8.4% | 6.2% | 5.2% | 6.0% | 6.5% | 7.0% | 7.2% | 7.4% |

Source: Euromonitor International, CB Richard Ellis

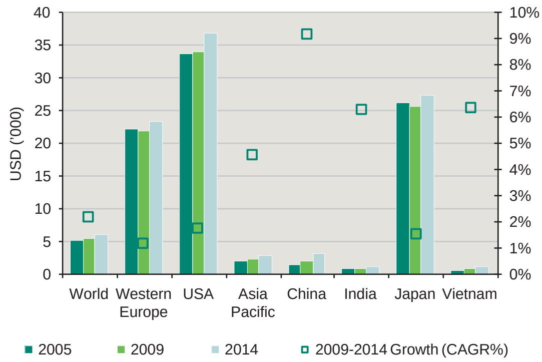
(1) Unless otherwise specified, Asia includes Afghanistan, American Samoa, Armenia, Azerbaijan, Bangladesh, Bhutan, Brunei, Cambodia, China, Fiji, French Polynesia, Guam, Hong Kong SAR, India, Indonesia, Japan, Kazakhstan, Kiribati, Kyrgyzstan, Laos, Macau SAR, Malaysia, Maldives, Mongolia, Myanmar, Nauru, Nepal, New Caledonia, North Korea, Pakistan, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, South Korea, Sri Lanka, Taiwan, Tajikistan, Thailand, Tonga, Turkmenistan, Tuvalu, Uzbekistan, Vanuatu and Vietnam

## 1.2. Income

**Real GDP Growth and Forecast (2005-2014)**




**Annual Disposable Income Per Capita**




Source: Euromonitor International, CB Richard Ellis

Remarks: Constant 2009 Prices - Fixed 2009 Exchange Rates
Source: Euromonitor International, CB Richard Ellis

The annual disposable income per capita of Asia, though still well below that of the developed regions such as North America and Western Europe, has been catching up. In 2005, the per capita income of the region was about 9.6% that of Western Europe and 6.4% of North America. By 2014, these figures are forecasted to increase to 12.8% of Western Europe and 8.2% of North America. Within the region, the per capita income of China is projected to grow at a compound annual growth rate (CAGR) of 9.2% from 2009 to 2014, which is far above that projected for Western Europe and North America. The increase in per capita income within the region is further compounded by the growth in population of 4.9% or 187 million by 2014 and possible appreciation of the major currencies in the region such as RMB against the Euro or US Dollar.

## 1.3. Trade in Asia

Global exports and imports in 2009 reached USD 12,629 billion and USD 12,383 billion respectively. Asia is estimated to account for about 29.9% of the world's exports and 28.3% of the world's imports in 2009, making it an important platform in the global logistics market. Increasing intra-Asia trade has led China to become the trade hub for the region.

China, India and Vietnam recorded rapid growth in export. From 2005 to 2009, China's and India's exports of goods have expanded at a CAGR of 12.1% and 12.6% respectively. Vietnam's exports have increased at a CAGR of 15.2% over the same period. Japan recorded negative CAGR of 1.1% from 2005 to 2009. It is expected that the growth of exports of most developing countries in Asia would likely remain strong in the coming few years with the gradual recovery of the world economy from the 2008 financial crisis. For imports, Vietnam, India and China recorded relatively high growth from 2005 to 2009. China's imports had expanded at 11.0% CAGR over the same period and it is expected that merchandise imports are growing faster than exports in value terms owing to increase in domestic demand. Japan remained China's second largest trade partner in 2009, after the United States. It is expected that the growth of imports of most developing countries in Asia would continue to remain strong in the forecast period.

China's Top Trade Partners 2009 (USD billion)

| Rank | Country/ Region | Volume | Rank | Country/ Region | Volume |
|---|---|---|---|---|---|
| 1 | United States | 298.3 | 6 | Germany | 105.7 |
| 2 | Japan | 228.9 | 7 | Australia | 60.1 |
| 3 | Hong Kong | 174.9 | 8 | Malaysia | 52.0 |
| 4 | South Korea | 156.2 | 9 | Singapore | 47.9 |
| 5 | Taiwan | 106.2 | 10 | India | 43.4 |

Source: PRC General Administration of Customs, China's Customs Statistics

## 1.4. Exchange Rate

Average Annual Exchange Rate (2005-2014)

| Geographies | Currencies | 2005 | 2006 | 2007 | 2008 | 2009 | 2010(F) | 2011(F) | 2012(F) | 2013(F) | 2014(F) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| China | Rmb:USD | 8.20 | 7.97 | 7.61 | 6.95 | 6.83 | 6.73 | 6.40 | 6.18 | 5.99 | 5.81 |
| Japan | ¥:USD | 110.22 | 116.30 | 117.76 | 103.36 | 93.57 | 93.18 | 93.00 | 87.75 | 86.25 | 85.00 |
| Singapore | SD:USD | 1.67 | 1.59 | 1.51 | 1.42 | 1.46 | 1.40 | 1.36 | 1.34 | 1.34 | 1.33 |

Source: Economic Intelligence Unit

Exchange rates of most countries in the region appreciated against the USD in 2009. The major currencies in the region, including the renminbi (RMB), Singapore Dollar (SGD) and Japanese Yen (¥), have appreciated against the USD from 2005 to 2009. The trend is expected to continue. China has been under pressure from its main trading partners, and the United States in particular, to adopt a more flexible policy and to allow the renminbi (RMB) to appreciate against USD. The Chinese government on 19 June 2010 announced that RMB would be allowed to float within a larger range against the USD. Within two weeks of the announcement, the RMB appreciated approximately 0.4% against USD.

## 2. REGIONAL INFRASTRUCTURE DEVELOPMENTS

Compared with the developed regions of the North America and Western Europe, the transport and logistics infrastructure of many Asian countries is still underdeveloped and the handling capacity is limited. Having realised the need for further economic growth by stimulating the economy and assisting foreign trade related logistics, many governments have committed investment to upgrade their country's transport infrastructure. The infrastructure capabilities in some countries in the region are highlighted below:

| Countries | Roads (km) | Railways (km) | No. of Paved Airport Runways | Total Length Of Navigable Rivers, Canals, And Other Inland Bodies Of Water (km) |
|---|---|---|---|---|
| China | 3,860,000 | 86,000 | 482 | 123,700 |
| India | 3,320,410 | 64,015 | 349 | 14,500 |
| Vietnam | 180,053 | 4,071 | 105 | 4,000 |
| Japan | 1,203,777 | 26,435 | 176 | 1,770 |

Source: World Factbook 2009, Business Monitor International Ltd., PRC Government Statistics, CB Richard Ellis

The transport infrastructure in many developing countries is still suffering from obsolescence, lack of investment and inefficiency in management, outpaced by a growing population. Railway density in some developing countries in Asia remains low when compared to more developed regions, but among developing regions of the world it is the highest. Rail transport, with a network of about 86,000 km, is the most commonly used mode of long-distance transportation in China. The government in early 2009 announced a USD 242 billion rail investment programme to 2020, designed to extend the network to reach 120,000km. If the planned investments materialise the way the government envisions them, China will overtake Russia to claim the world's second largest railway system after the US by 2020.

Asia(2) accounted for approximately 42% of the global market by value of port operations and is expected to grow further to 44% or USD 54 billion by 2010. Eight of the top ten container ports in the world are located in Asia and six of which are in China. In recent years, Asia has become the leading global air freight growth sector. The volume of freight carried in the region is expected to expand at 6.4% per annum up to 2015, compared to 5.5% per annum in the world.

(2) According to Traffic Intelligence, Australia and New Zealand are included in the overall Asia logistics market analysis but not in the Asia contract logistics market analysis.

## 3. REGIONAL LOGISTICS MARKET OVERVIEW

According to Transport Intelligence, the total logistics market size of the region is estimated to have expanded at CAGR of 5.26% from 2005 to 2009, compared to global growth at CAGR of only 2.86%. China's total logistics market amounted to RMB 6,083 billion in 2009, based on a measure of total logistics cost by the China Federation of Logistics & Purchasing, with a CAGR of 12.4% recorded from 2005 to 2009. This reflects the country as one of the fastest growing logistics markets in the region. Despite being affected by the global economic downturn in 2009 when the logistics markets of most developed countries in Western Europe and North America contracted, Asia's market was relatively less affected.

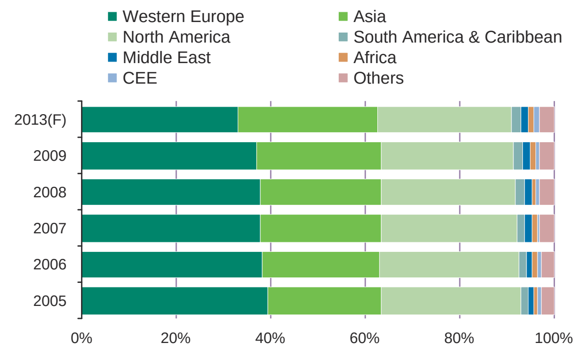
Over the years, growth in China has been focused on export-oriented manufacturing activities. The continued development of China creates significant opportunities for the logistics sector to serve developing domestic markets, especially in the retail sector. Domestic consumption is expected to influence the import sector and to play a more prominent role contributing to the country GDP. Robust domestic consumption is expected to be sustained in the upcoming years and fuel China's retail sales. They will serve as key drivers for the demand for logistics and warehouse services.

The Japanese logistics market has been driven in recent years by factors such as the growth in the third party logistics (3PL)(3) market and internet / mail order sales. A growing number of Japanese companies are outsourcing logistics as it becomes increasingly complex to manage their supply chains along with their global expansions. To maintain their international competitiveness, these companies demand efficient, low-cost and globally integrated logistics services. Given such demand, the 3PL market is growing fast to meet their demand for outsourcing.

### 3.1. Asia Contract Logistics Market

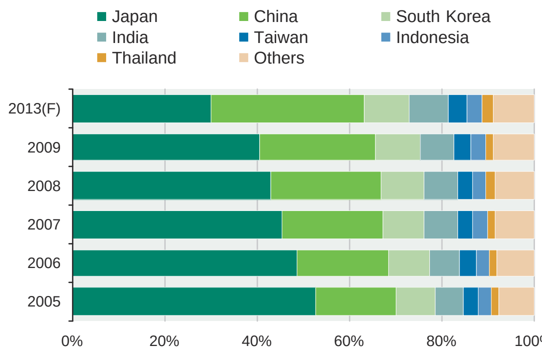
The Asia contract logistics(4) market recorded growth from 2005 to 2009 at CAGR of 5.8%, compared to global growth at 3.7%, Western Europe at 2.2% and North America at 2.3%. Despite the global economic downturn in late 2008, the Asia contract logistics market was less affected than markets in Europe and North America, mainly due to the dynamics of the Chinese economy.

**Global Contract Logistics Market Size (2005 -2009, 2013)**




Source: Transport Intelligence, CB Richard Ellis

**Asia Contract Logistics Market Size (2005 -2009,2013)**




Source: Transport Intelligence, CB Richard Ellis

(3) Third party logistics refer to outsourcing logistics services for part or all of a firm's supply chain management functions. Third party logistics operators typically specialise in integrated operation, warehousing and transportation services that can be scaled and customised to customer's needs based on market conditions and the demands and delivery service requirements for their products and materials.

(4) Contract logistics (or third party logistics) refer to outsourcing logistics services for part, or all of a firm's supply chain management functions. Contract logistics and third party logistics are used interchangeably.

Demand is shifting away from Western Europe. Traffic Intelligence projects that Western Europe's share of the global contract logistics market will decrease from 37.2% in 2009 to 33.1% in 2013; while Asia's share will increase from 26% in 2009 to 30% in 2013. Infrastructure investment, economic growth and increased domestic consumption in Asia are expected to drive the region's growth in logistics business, which is likely to translate into increase in demand for logistics facilities in the respective markets. In 2009, the Asia contract logistics market reached a value of USD 42.3 billion. Transport Intelligence forecasts that the market will continue to expand at CAGR of 12.8% from 2009 to 2013, reaching a value of USD 68.5 billion by 2013.

In Asia, the contract logistics market is dominated by Japan and China, making up 40.4% and 25.2% of the market share respectively; USD 17.1 billion and USD 10.7 billion of revenue respectively in 2009. China is expected to further expand its share to 32.8% by 2013, reaching market value of USD 22.5 billion.

### 3.2. Penetration Rate[5]

In 2009, the amount spent on contract logistics as a proportion of total logistics (penetration rate of contract logistics) globally is 15.7%. Developed regions like Western Europe and the United States have the highest penetration rates in the global contract logistics market, at about 30.0% and 20.7% respectively in 2009. The penetration rate of China was 2.7% only in 2009, far below the levels of the developed regions. We expect that the penetration rate to increase as the Asia's logistics market develops in tandem with the economy,

It is expected that the contract logistics sector would return to significant growth in 2010, as outsourcing decisions made in 2009 begin to take effect. Asia is forecasted to see rapid increases in the penetration level of contract logistics. There is considerable growth potential for the Asia logistics market and it is expected that the demand for 3PL service providers would increase along with the growing trend of suppliers outsourcing logistics services to 3PL operators with higher operation efficiency.

### 3.3. Key Logistics Operators

The contract logistics market in Asia is highly fragmented. There are a few large players, mainly Japanese companies, and they comprise only approximately 25% of the total market (in terms of market share) in 2009. The top three operators (in terms of market share) in Asia, Hitachi Transport, Sankyu and Mitsubishi Logistics Corporation each achieved revenue of over USD 1.35 billion in 2009. DHL Supply Chain is the region's largest cross-regional and multi-country operator which has significant operations in China, Japan, India and all major economies.

## 4. LOGISTICS FACILITY MARKET OVERVIEW

The supply and demand fundamentals of logistics facilities in the region are strong, particularly around key transport hubs in the developing countries recording high economic growth. Meanwhile, most of the existing logistics facilities are physically and functionally obsolete, not meeting the needs of the current logistics business. Logistics facility providers operating on a regional level are investing in the provision of modern purpose-built modern logistic facilities across cities at the major transport hubs in the region. With the growth in logistics business in the region, logistic operators specialising in the investment and provision of logistics facilities for the business have expanded their foothold across different cities.

In China, the establishment of various special economic zones, first in the coastal areas, now extending to the central and western regions of the country, replicating Asian Tiger economies such as Singapore and Hong Kong, has been an important driver to the country's economic growth. In the past few years, international 3PL companies, manufacturers and retailers have had growing requirements for warehouse and distribution facilities, in order to accommodate their

(5) The amount spent on contract logistics as a proportion of total logistics.

business expansion plans in China. The demand is driven mostly by large-scale logistics users, who are impacted by the lack of modern warehouse facilities built to international standards with respect to specifications such as loading/unloading facilities, floor-to-ceiling height, security, fire-safety features, and micro-climate controls to suit the type of goods storage.

Logistics facilities have emerged as a new focal point in China's property investment market, driven by the strength in demand for international-grade logistics facilities and the rising 3PL logistics market. In China, industrial assets typically offer higher yields than other asset classes due to their locations in urban fringe industrial zones. CBRE estimates that gross yields and net yields for modern logistics facilities in the first-tier cities in China are in the range of 7.5%-9.0% and 6.0%-7.0% respectively.

In India, Mumbai has emerged as the preferred location for the development of seven to eight new logistics parks with an investment of approximately USD 200 million. Land rental levels and land rates in Pune are expected to increase by 10%-15% per annum in 2010 and 2011 and the city's logistics sector is provided with an additional boost by the construction of a new international airport.

Japan remains an economic force in Asia despite decreasing growth rates. The bulk of logistics activities is located at the country's main manufacturing regions and major cities like Tokyo, Osaka, Nagoya and Fukuoka. Demand for modern, large scale logistics facilities remains strong in Tokyo, with 66% of logistics facilities available for lease located in the Tokyo metropolitan area. Tokyo logistics vacancy rates are unlikely to increase in the short term, with no significant new supply planned in the near future. It is expected that the rental level will bottom out in 2010 and gradually increase toward the end of 2012 as a result of the expected increase in transportation volumes in line with economic recovery.

**CHINA**

## 1. OVERVIEW


Source: CB Richard Ellis

The People's Republic of China (PRC) is the fourth largest country in the world with a land area of 9.6 million sq km, making it slightly smaller than the United States. It is also the world's most populous country and is well positioned for trade with East and South East Asia as well as Russia and Central Asia, which lie to the north and the east. The progressive removal of tariffs and barriers to trade as a result of accession to the World Trade Organisation (WTO) in December 2001 further integrated China into the global economy, with the influx of foreign direct investment growing exponentially from the 1990s to 2008. Measured in terms of GDP, Beijing and Shanghai are the two largest, first-tier cities(6) in China. Beijing is the capital of China and lies inland to the north of the country. Shanghai is the financial centre of China and lies slightly inland on the Huangpu River within the Yangtze River Delta region.

(6) The Chinese tiered city system is conventionally characterised by the city economy scale (measured in terms of GDP) and population size. First-tier cities include Beijing, Shanghai, Guangzhou, Shenzhen; second-tier cities include (but not limited to) Dalian, Qingdao, Tianjin, Shenyang, Suzhou, Hangzhou, Nanjing, Ningbo, Chengdu, Chongqing, Xi'an and Wuhan. All of those cities are either municipalities or capital cities of provinces or sub-provincial cities.

## 2. CHINA ECONOMIC OVERVIEW

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010F | 2011F | 2012f | 2013F | 2014F |
|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB Billion) | 18,869 | 22,165 | 26,324 | 30,067 | 33,535 | 37,349 | 42,087 | 47,290 | 53,070 | 59,561 |
| Real GDP Growth (%) | 10.4% | 11.6% | 13.0% | 9.6% | 9.1% | 10.0% | 9.9% | 9.8% | 9.7% | 9.6% |
| GDP (Adjusted for PPP) USD Billion | 5,473 | 6,310 | 7,337 | 8,213 | 9,045 | 10,061 | 11,018 | 12,150 | 13,463 | 14,916 |
| Annual Disposable Income per capita (RMB)* | 9,580 | 10,731 | 11,866 | 12,848 | 13,835 | 14,934 | 16,308 | 17,795 | 19,427 | 21,200 |
| Consumer Expenditure (RMB billion)* | 8,018 | 8,927 | 9,886 | 10,765 | 11,630 | 12,702 | 13,898 | 15,195 | 16,603 | 18,151 |
| Retail sales (RMB billion) | 6,718 | 7,641 | 8,921 | 10,849 | 12,534 | 14,865 | 17,392 | N/A | N/A | N/A |
| Urbanization Rate** | 43.0% | 43.9% | 44.9% | 45.7% | 46.6% | N/A | N/A | N/A | N/A | N/A |
| Industrial Production (Value Added of industry) (RMB billion) | 7,723 | 9,131 | 11,054 | 13,026 | 13,463 | 15,859 | 18,508 | N/A | N/A | N/A |
| Consumer Price Index (Average % Change) | 1.9% | 1.5% | 5.0% | 6.3% | -0.7% | 3.1% | 2.0% | 2.0% | 2.0% | 2.0% |
| Investment in Fixed Assets (RMB billion) | 8,877 | 11,000 | 13,732 | 17,283 | 22,485 | 27,904 | 33,847 | N/A | N/A | N/A |
| Exports of Goods & Services (RMB Billion) | 6,858 | 8,465 | 10,210 | 10,980 | 9,346 | 10,225 | 10,852 | 12,064 | 13,124 | 14,216 |
| Imports of Goods & Services (RMB Billion) | 5,835 | 6,799 | 7,872 | 8,567 | 6,899 | 7,958 | 8,560 | 9,661 | 10,818 | 12,191 |
| Exchange Rate RMB (Average) RMB:USD | 8.20 | 7.97 | 7.61 | 6.95 | 6.83 | 6.73 | 6.40 | 6.18 | 5.99 | 5.81 |

* Figures are adjusted on the basis of constant 2009 prices with fixed 2009 exchange rates; Source: Euromonitor International, Economic Intelligence Unit, Consensus Economics Inc., National Bureau of Statistics, and China Statistics Yearbooks; N/A denotes data not available. ** Urbanization rate generally refers to the proportion of urban population to total population

China's economy has experienced rapid growth over the last two decades. The economy is one of the world's fastest growing economies in recent years. China's strong economic performance is demonstrated by the GDP growth, recorded at a CAGR of 10.7% from 2005 and 2009, as compared with the world's average (2.1%) as well as other developed economies such as the United States (0.7%), Euro Zone (0.5%) and Japan (-0.5%) over the same period. The country's economic activity is expected to remain more active than that of other developed countries. Euromonitor forecasts that China's economy will remain strong and grow by 10.0% in 2010. By 2014, China GDP will have a growth of 60% over the GDP in 2009 in real terms, accounting for over one-tenth of the world's GDP. China's strong growth is fuelled by a combination of the following factors:

- While the country remains one of the world's main manufacturing centres, consumer expenditures are expected to play a more prominent role contributing to the country GDP. Consumer expenditure grew at a CAGR of 9.7% (in real terms) between 2005 and 2009 and is expected to be sustained amidst robust overall spending power. This is supported by the growing personal disposable income per capita, recording a double digit growth of a CAGR of 10.0% (in real terms) from 2005 to 2009. Increasing income levels and the resulting increase in domestic consumption are considered to be vital to the sustained development of China's economy. Both International Monetary Fund (IMF) and Economic Intelligence Unit (EIU) expect that domestic consumption will remain the key driver of China's future growth.

- China has the world's second largest industrial output. Growth in China has been focused on export-oriented manufacturing activities. The continued strength of China as a major manufacturing centre (the "workshop of the world") means a continued need for both import- and export-related logistics activities, as the country also imports the majority of its natural resources.

- As a composite service industry, logistics is an important part of the national economy. Although China is currently a net exporter of goods, imports are growing at a faster rate than exports. This is likely to be influenced by strong domestic demand and the entrance of foreign companies to the China market. Due to robust domestic demand, China is becoming one of the world's largest consumer markets.

- The continued development of China and ongoing urbanization, especially that of the central and western provinces, creates significant opportunities for the logistics sector to service developing internal markets, especially in the retail sector.

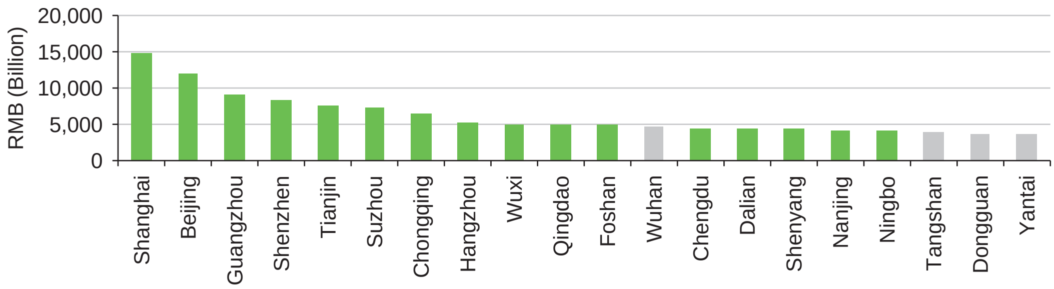
- China's urbanization rate is expected to exceed 50% by 2012-2013. The rising urbanization rate creates significant potential for the demand for goods and services.

- China's retail sales of consumer goods have experienced a CAGR of 16.9% between 2005 and 2009. The double digit growth trend is expected to sustain amidst rising income levels.

China has been under pressure from its main trading partners, and the United States in particular, to adopt a more flexible policy and to allow the renminbi (RMB) to appreciate against the USD. The Chinese government on 19 June 2010 announced that RMB would be allowed to float within a larger range against the USD. Within two weeks of the announcement, the RMB appreciated 0.4% against USD.

In terms of city-level GDP, Shanghai continues to lead the four first-tier cities. Tianjin and Suzhou, which have undergone substantial economic development in recent years, have risen to the fifth and sixth position respectively. Details of the city-level coverage will be discussed in the next sections.

**China 2009 Top-20 GDP City Ranking**



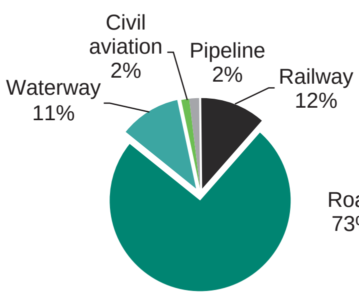

Source: Various municipal and city statistics bureaux

## 3. CHINA INFRASTRUCTURE DEVELOPMENTS

| Transportation Infrastructure | No. |
|---|---|
| No. of Ports | 413 |
| No. of Operating Civil Airports with Regular Flights | 165 |
| **Transport Infrastructure** | **Total Length (km)** |
| Waterways | 123,700 |
| Airport Runways | 2,461,800 |
| Railways | 86,000 (36,000 km electrified) |
| Roads | 3,860,800 (65,100 km expressways) |

Source: Ministry of Transport, Ministry of Railways, Civil Aviation Administration of China, National Bureau of Statistics as of 2008 and 2009; National Economic and Social Development

**China's Total Freight Traffic Volume 2009**




Top Ten Ports in China

| Ranking | Port | Throughput in 2009 ('000 TEU) | Ranking | Port | Throughput in 2009 ('000 TEU) |
|---|---|---|---|---|---|
| 1 | Shanghai | 25,001 | 6 | Tianjin | 8,704 |
| 2 | Shenzhen | 18,250 | 7 | Xiamen | 4,680 |
| 3 | Guangzhou | 11,200 | 8 | Dalian | 4,577 |
| 4 | Ningbo-Zhoushan | 10,503 | 9 | Lianyungang | 3,032 |
| 5 | Qingdao | 10,262 | 10 | Foshan | 2,923 |

Source: Statistical Communique of the People's Republic of China on the 2009 National Economic and Social Development

To support the country's economic growth, the Central and municipal governments have invested heavily in the construction of infrastructure, particularly in the run up to the 2008 Olympic Games in Beijing. The total investment in fixed assets reached RMB 22,485 billion in 2009, representing a robust CAGR of 26.2% from 2005 to 2009. Significant transportation investment including ports/waterways, airfreight, railways, roads/expressways are expected to enhance the connectivity throughout the country. In 2009, the freight traffic volume handled by all means of transportation in China reached 27.9 billion tonnes, up 7.5% over the previous year. Road transport remains the dominant mode of freight traffic in China. The freight traffic volume transported by road was 21.0 billion tonnes, up 9.4% year-on-year. The growth was supported by a continued high level of investment in road construction, which amounted to RMB 967 billion in 2009, bringing the total length of roads in China to 3.86 million km. Meanwhile, freight traffic realised by water, civil aviation and pipeline all witnessed rapid growth in both freight volume and freight turnover.

## 4. GOVERNMENT PLANNING AND POLICIES

The phased deregulation of China's domestic logistics market since the country's accession to WTO membership in 2001 has played an instrumental role in driving the influx of foreign logistics service vendor into China in recent years.

A series of Central Government policy initiatives relating to the logistics sector has provided an additional layer of support to the industry:

- A modern logistics sector was highlighted as a **key "pillar industry" in the Eleventh Five-Year Plan**(7) (2006-2010). Major initiatives include the development of a number of large multi-modal logistics hubs and regional logistics centres in cities such as Chengdu, Chongqing, Xi'an, Kunming, Wuhan, etc.

- The recent **"Logistics Industry Restructuring and Revitalization Stimulus Plan"**, as part of the wider economic stimulus package issued in 2009, aims to enhance the modern logistics service industry by encouraging the presence of internationally competitive large-scale integrated logistics enterprise groups, 3PL operators/providers thereby expanding the scale of the industry. Meanwhile, the initiative also strives to improve operating efficiency by lowering the percentage of total logistics cost to GDP.

- The **"46 Modern Logistics Centre"** Nomination by the Chinese Government's Ministry of Commerce in 2010 outlines the focus of different logistics segments for each nominated city, such as e-commerce, medical, international logistics etc. These cities include: Beijing, Shanghai, Tianjin, Chongqing, Shenyang, Dalian, Nanjing, Suzhou, Wuxi, Chengdu, Guangzhou, Shenzhen and Foshan.

The establishment of Bonded Logistics Zones (BLZs)(8) and Bonded Logistics Centres (BLCs)(9) has encouraged synergies between the export processing and entrepot trade activities in the nearby free trade zones, airports and sea ports. Given the favourable tax treatment available, these areas/centres have become the preferred locations for the logistics and warehousing operations of export-oriented manufacturers, traders, 3PL companies and the procurement arms of international corporations.

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(7) The Five-Year Plans of China are a series of economic development initiatives. The main objectives of the Eleventh Five-Year Plan are securing economic growth and economic structure, urbanising the population, conserving energy and national resources, encouraging sound environmental practices, and improving education.

(8) BLZs are entitled to a number of preferential taxation policies. Companies store imported goods and materials on a bonded basis pending sale to the domestic market. Domestic goods that enter the park are considered exports and immediately qualify for a VAT refund.

(9) BLCs are also entitled to the "off-shore" treatment in the form of VAT refunds. Given the favourable tax treatment available, these areas/centres have rapidly become the preferred locations for the logistics and warehousing operations of export-oriented manufacturers, traders, 3PL companies and the procurement arms of international corporations.

## 5. LOGISTICS MARKET OVERVIEW

The concept of logistics management is relatively new in China. Traditionally, logistics is viewed as a transportation service and the majority of state-owned enterprises continue to view logistics as an in-house function. With phenomenal growth in the Chinese economy, as well as foreign players accelerating their expansion due to market liberalisation, especially since 2001 when China became a member of the WTO, the logistics market has enjoyed healthy growth. This is further supported by domestic players upgrading facilities and improving their services to compete with foreign entrants, as well as foreign-invested manufacturers looking to improve operating efficiency along their supply chains. The growth is also driven by outsourcing, volume growth, improvements in infrastructure and technology and the continued investment by international logistics players. China's logistics market is fragmented, with over 700,000 logistics enterprises and most of which are still of small scale, although the size of some leading companies are growing. It is also estimated that less than 1% of them are truly integrated logistics enterprises. Most of them merely provide a single logistics service such as freight forwarding.

### 5.1. China's Logistics Landscape an Key Transport Hubs

The most economically advanced regions are mainly located around the coastal areas in Eastern China, whereas Central and Western China have gradually picked up. At present, most of the economic activities and the related logistics hubs, from which China import the raw materials and ship manufactured goods to overseas countries, are concentrated around three key economic regions in China along the southern, eastern and northern coast. As a result of the economic development, the coastal regions have become more affluent areas over time and have become key consumption centres in China. Inland regions, while still undergoing economic development, enjoy lower land and labour costs, as well as industrial immigration.


Source: CB Richard Ellis

- **Yangtze River Delta (YRD)** – As a leading economic region and overseas investment focal point, the Yangtze River Delta (YRD) comprises a cluster of cities with Shanghai in the leading position, and 15 other cities in southern Jiangsu and parts of Zhejiang Province including Ningbo, Suzhou, Nanjing, Hangzhou and Wuxi. As part of the region, Shanghai will remain the favoured entry point for international logistics operators and developers. YRD generated a GDP(10) of RMB 5.97 trillion in 2009, representing 17.5% of the country's aggregate output. Warehousing developers like GLP, AMB and Mapletree are all active in Shanghai. Suzhou is the secondary logistics hub in YRD to due the significant presence of foreign manufacturers and its close proximity to Shanghai, where the city can also serve the logistics needs of Shanghai.

- **Pearl River Delta (PRD) –** The PRD economic zone was the first region in China to undergo reform and open up to foreign investment, and remains one of the country's fastest-growing regions. The region consists of nine cities in southern Guangdong and is anchored by Guangzhou and Shenzhen. In 2009, the region generated a GDP(11) of RMB 3.21 trillion, representing 9.6% of the country's aggregate output. The region has a vibrant logistics sector, due in large part to its status as China's main workshop. The region has served as an outsourcing base for Hong Kong manufacturers who take advantage of China's cheaper land and labour resources.

- **Bohai Rim Region –** This region covers Beijing, Tianjin, Dalian and Qingdao and has high logistics demand and freight traffic. The Beijing logistics market will continue to predominantly support the local consumer markets while Tianjin is the economic centre of North China in the nation's five-year plan due to its well developed port and manufacturing industry. The region generated a GDP(12) of RMB 8.53 trillion in 2009, accounting for approximately 25% of China's GDP.

- **Inland Logistics Hubs –** While the coastal areas remain the major focus of logistics activity on a short term basis, new logistics hubs are emerging in inland China. Chengdu, Hangzhou and Shenyang have strong consumer markets while Chongqing, Wuhan, Nanjing, Harbin, Changchun, Xi'an and Zhengzhou represent the major industrial hubs for the rapidly expanding domestic markets. Unlike the coastal logistics hubs, where imports and exports are major factors for logistics development, the logistics markets in inland cities are mainly driven by the growth of the domestic economy. These inland areas also have the advantage of lower costs for land and labour.

### 5.2. Key Demand Drivers for the Logistics Sector

As China develops into a manufacturing powerhouse, new demand for logistics services such as transportation, communication, warehousing will be generated. Over the past ten years, the warehousing/logistics sector in China has witnessed strong growth. In the process, it has evolved from a predominantly owner-occupied market dominated by a few large-scale, state-owned firms to a much more diversified market, where 3PLs play an increasingly important role. China's logistics sector, in terms of total logistics value(13), grew at a CAGR of approximately 22.0% from 2003 to 2009.

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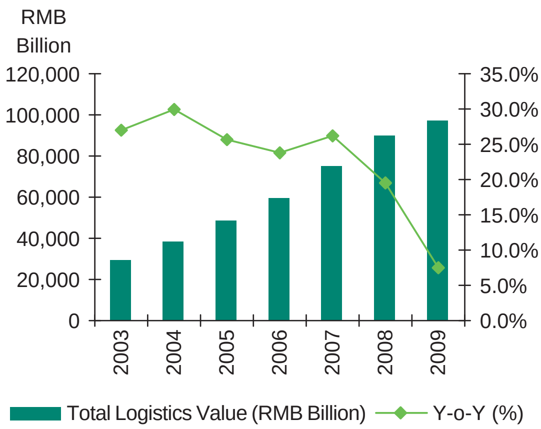
(10) The aggregate GDP of YRD include 16 cities, Shanghai, Hangzhou, Ningbo, Jiaxing, Huzhou, Shaoxing, Zhoushan, Taizhou (Zhejiang), Nanjing, Wuxi, Changzhou, Suzhou, Nantong, Yangzhou, Zhenjiang and Taizhou (Jiangsu).

(11) The aggregate GDP of PRD includes Huizhou (exclude Longmen), Shenzhen, Dongguan, Guangzhou, Zhongshan, Zhuhai, Foshan, Jiangmen, Zhaoqing.

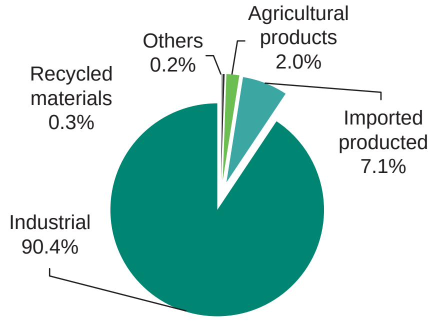
(12) The aggregate GDP of Beijing, Tianjin, Hebei Province, Liaoning Province and Shandong Province

(13) According to CFLP, the total logistics value is defined as the total value of products being produced in or entering the country during the recording period.

**China's Total Logistics Value (2005-2009)**




**Breakdown of China's Total Logistics Value (2009)**




Source: National Development and Reform Commission, China Federation of Logistics & Purchasing (CFLP) & CB Richard Ellis

The promising growth has been driven by a combination of the following factors:

- **Strong domestic consumption and retail sales:** Based on various economists' forecast above, domestic consumption is expected to influence the import sector and to play a more prominent role contributing to the country GDP. Robust domestic consumption is expected to be sustained in the upcoming years and support the country's retail sales. We expect that both will serve as key drivers for the logistics and warehouse services. More demand is expected to come from distribution centres and are used for online retailing, which is gaining traction in China's younger population.

- **Deregulation:** Following China's accession to the WTO in 2001, the retail and distribution sectors were progressively deregulated until it reached full deregulation in 2004/2005. As a result, both international retailers and 3PLs have been expanding their operations very rapidly across China, moving increasingly inland from their traditional bases in the eastern coastal areas.

- **Expansion of major chain retailers:** Relating to the above point on deregulation, the opening up of the retail sector to foreign competition allowed retailers such as Wal-Mart, Carrefour and B&Q to start expanding into second and third-tier cities, generating demand for distribution centres to service their growing store networks.

- **Growing import & export and domestic trade:** As the world's largest manufacturing base, China is handling an increasing volume of imported raw materials and exports of finished products. Several of the world's top ten ports are located in China. This traffic is obviously generating significant demand for logistics and warehousing services, not only in major port cities, but also in major manufacturing hubs further inland.

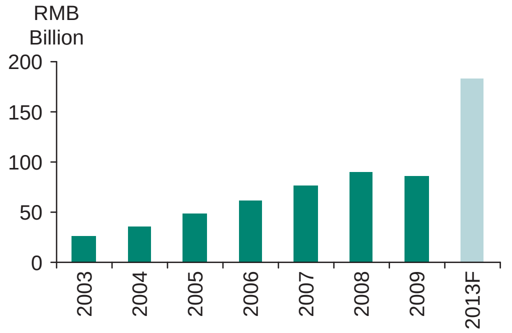
- **Massive investment in infrastructure:** In tandem with the economic growth, both national and local governments are continuing to invest heavily in the development of transport infrastructure, including roads, rail, airports and port terminals. Improved infrastructure creates new opportunities in areas that may not previously have good accessibility and also helps lower overall logistics costs for operators.

- **Strong government support:** A modern logistics sector was highlighted as a key "pillar industry" in the Eleventh Five-Year Plan (2006-2010). Major initiatives include the development of a number of large multi-modal logistics hubs and regional logistics centres across the country. The recent Logistics Industry Restructuring and Revitalisation Stimulus Plan also aims to further enhance the modern logistics service industry by encouraging the presence of internationally competitive large-scale integrated logistics enterprise groups, 3PL operators thereby expanding the scale of the industry. Meanwhile, the initiative also strives to improve operating efficiency by lowering the percentage of total logistics cost to GDP.

### 5.3. The Rise of Third Party Logistics (3PL) in China

3PL logistics has been gaining importance in China's logistics market. While the 3PL market is still in a nascent stage of development in China, it is fuelled by WTO-related policy change and the intensifying competition amongst suppliers of manufactured goods which are looking to improve products' cost-competitiveness in the marketplace by demanding more efficient and professional supply chain management. Transport Intelligence estimates that only 2.7%(14) of China companies outsource their logistics functions currently, which is far below the rate of 15.7% globally. This demonstrates the opportunity for the further expansion of the contract logistics market in China. More domestic companies are aware of the benefits of outsourcing such non-core functions as logistics operations, which enable them to achieve operational efficiency. Amongst the main demand drivers for 3PL services is the increased presence of MNCs in China, especially those with local manufacturing bases or large retail networks, such companies tend to have more sophisticated logistics requirements, ranging from imports and exports, domestic distribution and implementation of China sourcing strategies. As with the logistics market as a whole, most of the 3PL activities occur in the three major economic zones, which account for around 77% of China's 3PL logistics activities in 2008. Foreign-owned or invested companies control a large share of demand for China's 3PL logistics. There are over 18,000 3PL providers within the country, with the market share of the top ten providers accounting for approximately 13%.

**China's Contract Logistics Market**




| | Contract logistics market forecast (forecast CAGR for 2009-2013) |
|---|---|
| China | 20.6% |
| Asia | 12.8% |
| Western Europe | 6.5% |
| North America | 9.8% |
| Global | 9.5% |

Source: Transport Intelligence and CB Richard Ellis

The 3PL industry in China had an estimated market size of RMB 73.1 billion in 2009. Transport Intelligence expects that China will become the largest contract logistics market in Asia Pacific by 2013, with market value reaching RMB 183.5 billion by 2013, growing at a CAGR of 20.6% from 2009 to 2013, as compared with 12.8% for Asia Pacific over the same period. The strong market growth is expected to be fuelled by the demand for exports, inland distribution of imports, increased domestic demand, the shift from in-house logistics operations to 3PL and the need for more modern logistics facilities.

## 6. CHINA LOGISTICS FACILITY MARKET OVERVIEW

### 6.1. Segmentation of China Logistics Facility Market

We segment China's logistics facility market as follows:

- Modern logistics facilities meet requirements of modern logistics operation for guaranteed storage safety, optimal/flexible space utilization and high operational efficiency. These facilities are characterised by specifications such as large floor plates, high ceilings, distant column spacing, spacious loading and parking area,

(14) The penetration rate may be lower given China's logistics market value recorded at RMB 6,083 billion in 2009 (from CFLP) and China's contract logistics market value recorded at RMB 73.1 billion (from Traffic Intelligence).

equipped by modern loading docks and fire-fighting system, and with user-friendly office space etc.

- Middle standard logistics facilities meet the requirement for storage safety in terms of property quality, but usually have limitations in space utilisation or operation efficiency, and are often characterised by lacking of loading docks, insufficient loading/parking area, close column spacing, insufficient clear height or lack of office space. In particular, some of the middle standard logistics facilities are converted factories that were not originally designed for logistics usage.

- Low-end logistics facilities refer to low-quality facilities that can hardly meet the basic requirements for storage safety due to their poor construction quality, or have substantial limitations in usage due to low ceiling height/small unit space. Low-end facilities are usually characterised by small-sized buildings with poor construction conditions, restricted vehicle accessibility etc.

### 6.2. Supply and Characteristics of China Logistics Facility Sector

Logistics facilities have emerged as a new focal point in China's property investment market, driven by the demand for modern logistics facilities, the rising 3PL logistics market and the stimulating effect of China's market opening moves.

As with the number of logistics operators in China, the market structure of logistics facility investors is also fragmented. At present the modern logistics facilities are supplied by a few investors. The following table presents the key players in the modern logistics facility market in China.

Major Investors of Modern Logistics Facilities

| **Modern Logistics Facilities Investors** | **Year Of Establishment In China** | **No. Of Cities*** | **City Coverage** | **Estimated Existing Portfolio Size (GFA Million SM)*** |
|---|---|---|---|---|
| Global Logistic Properties (GLP) | 2003*** | 15 | Northern: Qingdao, Beijing, Tianjin, Shenyang, Dalian<br>Eastern: Shanghai, Suzhou**, Nanjing, Wuxi, Hangzhou,<br>Southern: Guangzhou, Foshan, Shenzhen<br>Western: Chongqing, Chengdu | 2.783 |
| Blogis | 2003 | 6 | Northern: Tianjin<br>Eastern: Shanghai, Suzhou**<br>Southern: Guangzhou, Shenzhen<br>Western: Chengdu | 0.662 |
| Mapletree | 2005 | 5 | Northern: Tianjin<br>Eastern: Shanghai, Wuxi<br>Central: Xi'an<br>Southern: Guangzhou | 0.596 |
| AMB Property Corp | 2005 | 8 | Northern: Beijing, Dalian, Tianjin<br>Eastern: Shanghai, Suzhou**, Jiaxing, Ningbo<br>Southern: Guangzhou | 0.406 |
| Yupei | 2002 | 4 | Eastern: Shanghai, Suzhou, Wuhu, Chuzhou | 0.383 |
| Airport City Development (ACL) | 2004 | 1 | Northern: Beijing | 0.298 |
| Goodman | 2001 | 1 | Eastern: Shanghai | 0.276 |
| ING Real Estate | 2009**** | 1 | Eastern: Shanghai | 0.25 |
| Vailog | 2008 | 1 | Eastern: Shanghai | 0.105 |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010). *Includes warehouses but excluding factories, and with majority of each portfolio consisting of modern logistics facilities. ** Suzhou includes Kunshan. *** Includes properties previously owned by Prologis China, which was established in 2003, and subsequently transferred to us pursuant to GIC Real Estate's acquisition (through its affiliates) of all of Prologis' assets and operations in China in 2009. **** ING Real Estate assumed management of New City Asia Fund in 2009, which owns the property.

Given that the total estimated warehouse stock (in term of GFA) is approximately 550 million sq. m. as shown in the following table, the existing supply of modern logistics facilities provided by major investors of modern logistics facilities (as identified above) is estimated to be approximately 1% of the total supply. The supply of logistics facilities in United States, in terms of GFA per capita, is approximately 14 times that of China.

| | Estimated Warehouse Stock (GFA Million SM) | Population (Million) | Warehouse Stock GFA (SM) Per Capita |
|---|---|---|---|
| China | 550 | 1,330 | 0.38 |
| United States | 1,600 | 310 | 5.16 |

Source: China Association of Warehouses and Storage; CB Richard Ellis estimates; CIA The World Factbook

In contrast, more than 70% of the total warehouse stock in China was built before the 1990s; over 75% is unable to serve current logistics requirements. The replacement of these older warehouse facilities is expected to continue to take place amidst China's rapid urbanization and the increasing needs from logistics end-users.

Geographically, most of the logistics warehousing activity has been focused in major cities along the Bohai Rim, Yangtze River Delta and Pearl River Delta, especially major port cities and manufacturing centres such as Shenzhen, Guangzhou, Shanghai and Tianjin. However, with manufacturers increasingly moving further inland to take advantage of lower land and labour costs, as well as more attractive government incentives, logistics facility investors are following the same pattern. Major logistics development is now seen in cities such as Chengdu, Wuhan and Xi'an.

## 6.3. Logistics Facility Requirements and Trends

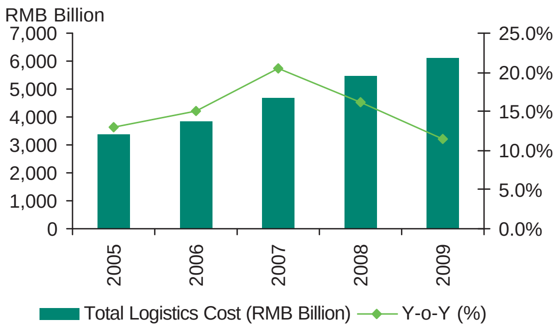
International 3PL companies, manufacturers and retailers have had growing requirements for warehouse and distribution facilities, in order to accommodate their business expansion in China. While 3PLs are important users of modern logistics facilities, in-house logistics have also had rising demand for modern logistics facilities. The demand is driven mostly by large-scale logistics users, which are particularly impacted by the lack of modern logistics facilities. Likewise, for large logistics operators, their clients (especially MNCs) usually have minimum requirements or standards for warehouse specifications.

The growth rate of China's total logistics cost[15] has been declining since the peak in 2007, and the CAGR of the total logistics cost from 2005 to 2009 was 12.4%. Amongst the total logistics cost in 2009, transportation accounted for the largest component of the total cost (55.3%), followed by storage cost (excluding warehouse) and management. Warehouse cost accounted for around 8.4% of the total logistics cost.

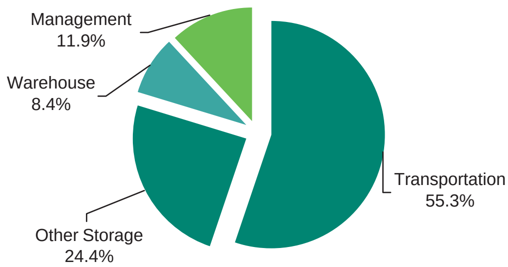
(15) According to China Logistics and Purchase Federation, total logistics cost broadly comprises storage (including warehouse), transportation and management costs.

China's Total Logistics Cost

China's Total Logistics Cost (2005-2009)




Breakdown of China's Total Logistics Cost (2009)




Source: National Development and Reform Commission, China Federation of Logistics & Purchasing & CB Richard Ellis

## 6.4. China Logistics Facility Sector Market Performance

In recent years, investment in the logistics sector in major cities like Shanghai has been particularly active, with several overseas funds making their acquisitions for expansions. Industrial assets typically offer higher yields than other asset classes partly due to their locations in urban fringe industrial zones.

Sales of logistics facilities in China are limited, as most logistics facilities are built for self-use. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields[(16)] range from 7.5%-9.0% as of Q2 2010. The yield level differential for prime office and logistics warehouse is estimated to be in the range of 1.0%-4.0%, as compared with 0.5% to 1.0% observed in developed markets such as United States.

Estimated Gross Initial Yields in China's Major Cities

| | Warehouses | Prime Office | Luxury Residential | Retail |
|---|---|---|---|---|
| Beijing | 8.0% - 9.0% | 7.0%-8.0% | 3.0%-4.0% | 8.0%-9.0% |
| Shanghai | 7.5% - 8.5% | 4.0%-5.0% | 4.0%-5.0% | 4.0%-5.0% |
| Guangzhou | 8.0% - 9.0% | 4.5%-6.0% | 2.0%-3.0% | 4.0%-7.0% |
| Shenzhen | 8.0% - 9.0% | 3.5%-5.0% | 2.0%-3.0% | 4.0%-7.0% |

Source: CB Richard Ellis (estimates as of Q2 2010)

Net yields are computed as annual income less all property expenses, such as operation and maintenance, land rental, property tax, utilities, property and lease management fees, etc, divided by capital value[(17)]. CBRE estimate that net yields for China's warehouses were in the range of 6.0%-7.0% in Q2 2010.

Estimated Net Yields in China's First-tier Cities

| | Warehouses |
|---|---|
| Beijing | 6.5% - 7.0% |
| Shanghai | 6.0% - 7.0% |
| Guangzhou | 6.5% - 7.0% |
| Shenzhen | 6.5% - 7.0% |

Source: CB Richard Ellis (estimates as of Q2 2010)

(16) Gross yield is computed as annual income divided by capital value

(17) i.e. net yield is computed as net income divided capital value.

Rental growth for modern logistics facilities in first-tier cities are expected to be positive, attributable to the limited expected new supply and increased demand, as a result of the continuing recovery from the global financial crisis and strong retail sales expected in the next 12 months.

Forecast Rental Growth in China's First-tier Cities

| | **Forecast Rental Growth For Modern Logistics Facilities Over 12 Months** | **Commentary** |
|---|---|---|
| Beijing | +9.0% to +11.0% | Looking ahead over the next 12 months, rental levels for modern logistics facilities are expected to grow strongly by 9.0%-11.0% attributable to two key factors; i) limited expected new supply and ii) increased demand, due to a continuing recovery from the global financial crisis and strong retail sales expected over the next 12 months. |
| Shanghai | +7.0% to +9.0% | Recent positive demand for warehouse space as evidenced by leasing transactions and a limited increase in the construction of warehouse space indicate positive growth in rental levels over the next 12 months, estimated at around 7.0%-9.0%. |
| Guangzhou | + 6.0% to +8.0% | Take up of logistics facilities has been at a faster pace in Southern China with evidence of multiple tenants bidding to secure higher quality non bonded warehousing space in particular. If export markets continue to strengthen and the local consumption retail sector remains buoyant we forecast that rental increases of a magnitude of 6.0%-8.0% for the next 12 months. |
| Shenzhen | + 6.0% to +8.0% | |

Source: CB Richard Ellis (estimates as of Q2 2010)

## 7. CITY PROFILES

### 7.1. Beijing

#### 7.1.1. Economic Overview

| | **2005** | **2006** | **2007** | **2008** | **2009*** |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 6,886 | 7,870 | 9,006 | 10,488 | 11,866 |
| Nominal GDP per capita (RMB) | 45,444 | 49,505 | 56,044 | 63,029 | 68,788 |
| Retail Sales of Consumer Goods (RMB billion) | 290 | 328 | 380 | 459 | 531 |
| Annual Disposable Income per capita (RMB) | 17,653 | 19,978 | 21,989 | 24,725 | 26,738 |
| Annual Consumer Expenditure per capita (RMB) | 13,244 | 14,825 | 15,330 | 16,460 | N/A |
| Consumer Price Index (Preceding Year =100) | 101.5 | 100.9 | 102.4 | 105.1 | 98.5 |
| Investment in Fixed Assets (RMB billion) | 282.7 | 337.2 | 396.7 | 384.9 | 485.8 |
| Foreign Direct Investment contracted (USD billion) | 3.53 | 4.55 | 5.07 | 6.08 | 6.12 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 1,255 | 1,580 | 1,930 | 2,717 | 2,148 |

Source: Beijing Municipal Bureau of Statistics; * 2009 data represents preliminary statistical data from the Beijing Municipal Bureau of Statistics; N/A denotes data not available.

Beijing, the political and cultural heart of China, has been regarded as the main economic powerhouse of Northern China. Its strong GDP growth exceeded that of most of the other cities, with a CAGR of 14.6% for 2005-2009. Such growth is partly attributable to the strong economic environment generated by the 2008 Olympic Games. A strong consumer market is also evidenced by the continued increase in retail sales which grew at 15.8% y-o-y in 2009, positively impacting the logistics sector especially in terms of the demand for supply chain management services and distribution centres. The total values of foreign trade grew at a CAGR of 14.4% for the same period, despite the drop in 2009 during the global financial crisis.

### 7.1.2. Major Infrastructure Developments & Government Planning and Policies

Investment in fixed assets is a major driver in the local economy at a CAGR of 14.5%. The focus on investment in infrastructure and transportation provides strong support for the logistics industry. Beijing has an extensive transportation infrastructure network including airports, roads/expressways and railways. Beijing's logistics industry has received strong support from the Government, with the following supportive measures in place in recent years:

- **Beijing Urban Master Plan 2004-2020:** Beijing's infrastructure is expected to be enhanced including construction of the second airport, the developing of road freight terminals and promotion of professional and integrated freight transportation systems.

- **Beijing Eleventh Five-Year Development Plan:** Beijing's logistics industry is identified as the development focus in the plan.

- The **'46 Modern Logistics Centre' Nomination in 2010:** The city is nominated as one of the logistics cities, with specialisation on unified city distribution, cold-chain logistics (agricultural products), e-commerce, medical, international bonded and 'green' logistics.

- The **Beijing Logistics Industry Adjustment & Promotion Action Plan:** The plan outlined the tasks for the Beijing's Government including increasing investment in infrastructure, attracting international and domestic professional logistics companies and cultivating the supporting platform in respect of policy, technology and information.

### 7.1.3. Major Logistics Parks

There are four major logistics parks in Beijing strategically located according to i) market demand for logistics facilities, ii) proximity to major roadways, airports and railway networks, and iii) the city's strategic economic development towards the south and east. With different scales and strategic locations, the logistics parks have developed progressively and attracted international and domestic logistics developers.

| Major Logistics Parks | Descriptions |
|---|---|
| Beijing Airport Logistics Park (BALP) | BALP in Shunyi district focuses on air freight. Located within a well-established export processing zone, BALP comprises over half of the bonded logistics park space in Beijing. Major developers/landlords in the park include GLP, AMB and Kangli. The logistics facilities built by GLP for the Beijing Organizing Committee for the Olympic Games (BOCOG) are regarded as one of the modern logistics warehouses in Beijing. Other major tenants within BALP include Toshiba Logistics, P.G. Logistics, and UPS. |
| Beijing Tongzhou Logistics Park (BTLP) | BTLP in Tongzhou district focuses on distribution centres for local retail market. BTLP is also strongly supported by logistics demand from world leading manufacturers and pharmaceutical companies such as Nokia, Mercedes Benz, Hyundai Mobis, Bayer and Novartis in the nearby Economic Development Zones. Major developers/landlords are GLP, CR Logistics and Beijing Xianglong Logistics. Major tenants include Unilever, KX Logistics, Toyota, Volkswagen, Linfox and China Post. |
| Beijing Jingnan Logistics Harbour (BJLH) | BJLH in Daxing district. Pillar industries in the area are petroleum processing, metal products, food processing, electrical & machinery and textiles & garments. Major developers/landlords are GLP, China Railway Parcel Jisheng Logistics Base Company and Bailiwei. Major tenants include Honda and China Railway Parcel Forwarding Company. |
| Beijing Liangxiang Logistics Park (BLLP) | BLLP in Fangshan district, which is relatively undeveloped in comparison to the other three logistics parks in terms of quality of properties and presence of well known logistics players. BLLP does, however, have the advantage of relatively cheaper land prices and rental levels. Beijing Capital Highway Development Company is the major developer and Kappa (China) and Beijing Railway Container Co. are the main tenants. |

### 7.1.4. Logistics Facility Market Overview

**Existing Supply and Future Supply Trends**

Beijing's logistics facility market comprises a large number of small scale traditional logistics facilities built in the 1990s by large SOEs that are largely for self-use and serve local clients. Although the emergence of the modern logistics industry began in 2002, only limited international quality logistics properties were available before 2007 (just prior to the 2008 Olympic Games). As of Q4 2009, the stock of mid/large-scale logistics facilities for lease measured approximately 5.9 million sq. m. GFA. BALP had the largest proportion of existing supply of mid/large-scale logistics facilities for lease accounting for around 700,000 sq. m., or 11.8% of the total stock of mid/large-scale logistics facilities for lease. Since that time, there has been limited new supply in the four parks with the exception of two warehouses of approximately 70,000 sq. m. completed in BTLP. Despite the strong development of the logistics market over the past several years, the market remains relatively nascent, with over half (54.2%) of the mid/large-scale logistics facilities for lease of low quality. By contrast, modern mid/large-scale logistics facilities for lease only account for 20.3% of the city's mid/large-scale logistics facilities for lease in terms of GFA as of Q4 2009[18]. Modern mid/large-scale logistics facilities for lease are concentrated in BALP and BTLP and have been developed by internationally renowned logistics developers such as GLP, AMB, Kerry EAS Logistics (KEL) and leading domestic logistics developers such as China Merchants Logistics (CML), CR Logistics and P.G. Logistics (PGL). The high concentration of modern mid/large-scale logistics facilities in these parks is partly due to their strategic locations which are close to the Capital Airport or at the gateway to Tianjin. We estimate that the total planned area for logistics facilities in Beijing in the four main logistics zones is around 20.8 million sq. m. as of Q4 2009. Of the total planned space, approximately 1.5 million sq. m. in the four main logistics zones has been developed. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Beijing.

**Key Demand Characteristics and Drivers**

- Opening of the distribution sector to 3PL players in 2005 (as part of WTO). The policy allows 3PL providers to compete freely in all Chinese markets.
- Strong local economic fundamentals in the last five years (2005-2009), including GDP (14.6% CAGR), fixed asset investment (14.5% CAGR), retail sales (16.3% CAGR) and foreign trade (14.4% CAGR).
- Expansion of the fast moving consumer goods (FMCG) market, with large domestic and international chains, such as CR Vanguard, AEON, Carrefour and Tesco, aggressively expanding their store networks not only within Beijing but also within the rest of the Northeast.
- Continuous improvements to the transportation networks, i.e. completion of the ring roads, expressways, railway lines and the Capital Airport's Terminal 3.
- In preparation for the 2008 Olympics, Beijing significantly increased investment in the city's infrastructure, which has elevated Beijing's profile as an international destination. The improved infrastructure benefited the logistics industry.

Beijing's modern logistics facility market has developed gradually since its inception in 2002 with the run up and preparation for 2008 Olympic Games marking a period of rapid growth. During this period, vacancy levels in logistics facilities remained very low, supported in part by the demand created by the organization of the games. Following the conclusion of the Olympics

(18) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

and the onset of the global financial crisis (around the same time), however, demand for logistics facilities waned and vacancies increased as logistics facilities filled by companies solely focused on logistics surrounding the Olympics was vacated and the impact of the global financial crisis led to a decrease in demand for exports. As of Q4 2009, however, the overall vacancy rate of mid/large-scale logistics facilities for lease in Beijing was relatively low at 8%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city. Leasing evidence suggests Beijing's overall logistics market has improved further since Q4 2009 and some recent large-scale leases have been witnessed in the market. Recent transactions in Q4 2009 include leases in BTLP by Amazon (11,900 sm) and New Egg (9,200 sm) and leases in BALP by IDS (6,000 sm) and E-Road Logistics (4,800 sm). These transactions reflect increasing confidence in the Chinese economy and returning demand for logistics facilities in the Beijing market.

### Major Investors and Investment Trends

Demand for logistics facilities in Beijing's logistics market is largely driven by the local economy. As a result, a large number of local small to mid scale logistics companies collectively occupy a much larger market share than cross-region large-scale logistics companies. In general, large domestic logistics companies are more active than the international counterparts in the development of logistics facilities. Airport City Development Co., Ltd (ACL) and GLP have been the most active players in the Beijing's modern logistics market[19], followed by AMB.

| Modern Logistics Facilities Investors | Activities In Beijing |
|---|---|
| ACL | ACL owns one existing logistics facility in Beijing, which has a total GFA of about 270,000 sq. m. GFA and is located in the Airport City Logistics Park. |
| AMB Property Corp | AMB has one existing logistics facility in Beijing, namely, AMB Beijing Capital Airport Distribution Centre I. The facility was constructed in 2007 and has a total GFA of 28,067 sq. m. An additional logistics facility (AMB Beijing Capital Airport Distribution Centre II) is under construction and expected to be completed by April 2011. Total GFA at completion is expected to comprise 33,601 sq. m. |
| GLP | GLP has three modern facilities in Beijing totalling about 173,762 sq. m. GFA in BALP and BTLP.<br>Two projects planned to be developed in BJLH and BALP that will comprise a combined estimated total new supply of 124,632 sq. m. The project in BJLH has a total GFA of 94,972 sq. m., to be developed in two phases. The first phase is expected to finish construction by Q4 2010. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

Other logistics facilities investors in Beijing include CR Logistics (CRL), Beijing Bailiwei Logistics (Bailiwei), P.G. Logistics (PGL) and Beijing Xianglong Logistics (Xianglong).

### Current Rents, Sales Price and Yield Levels

As of Q4 2009, the average rental level for modern mid/large-scale logistics facilities for lease in Beijing was RMB 26.97 psm per month. CBRE Research indicates overall rental growth from Q4 2009 to Q2 2010 of 3.1% for logistics facilities in Beijing. Looking ahead over the next 12 months (Q2 2010-Q2 2011), we estimate that rental levels for modern logistics facilities to grow strongly by 9.0%-11.0%, attributable to two key factors; i) limited expected new supply, and ii) increased demand, due to a continuing recovery from the global financial crisis and strong retail sales expected in the coming year. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that net yields in the market range between 6.5%-7.0% (gross yields between 8.0%-9.0%)[20].

(19) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(20) Limited sales transactions available for the estimation of yields.

## 7.2. Shanghai

### 7.2.1. Economic Overview

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 9,164 | 10,366 | 12,189 | 13,698 | 14,900 |
| Nominal GDP per capita (RMB) | 51,529 | 57,104 | 65,599 | 72,536 | 77,564 |
| Retail Sales of Consumer Goods (RMB billion) | 297.3 | 336.0 | 384.8 | 453.7 | 517.3 |
| Annual Disposable Income per capita (RMB) | 18,645 | 20,668 | 23,623 | 26,675 | 28,838 |
| Annual Consumer Expenditure per capita (RMB) | 13,773 | 14,762 | 17,255 | 19,398 | N/A |
| Consumer Price Index (Preceding Year =100) | 101.0 | 101.2 | 103.2 | 105.8 | 99.6 |
| Investment in Fixed Assets (RMB billion) | 354.3 | 392.5 | 445.9 | 482.9 | 527.3 |
| Foreign Direct Investment contracted (USD billion) | 13.8 | 14.6 | 14.9 | 17.1 | 13.3 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 1,863.7 | 2,274.9 | 2,829.7 | 3,221.4 | 2,777.0 |

Source: Shanghai Statistics Bureau; N/A denotes data not available.

Shanghai, located along at China's eastern coast, has grown rapidly over the past two decades, driven strongly by its high-profile position as financial capital and gateway to the rest of mainland China, its strong talent base as well as its development into a major manufacturing and logistics centre for the country. Shanghai is a key economic centre in China and benefits greatly from close proximity to the East China Sea and its location at the mouth of the Yangtze River making it a prime area for logistics and investment. The GDP of Shanghai totalled RMB 1.5 trillion in 2009, surpassing that of Hong Kong for the first time. The city's GDP grew at a CAGR of 12.9% for the period 2005-2009. Also supporting the economic position of Shanghai is the growth in disposable income per capita of Shanghai residents. At the end of 2009 disposable income per capita for Shanghai residents averaged RMB 28,838, reflecting a CAGR of 11.5% from 2005 to 2009. Retail sales in Shanghai grew at a CAGR of 14.9% and increased to RMB 517.3 billion in 2009, nearly doubling that in 2005. The steady uptrend shows a strong consumer market laying a solid foundation for the growth of the logistics market.

### 7.2.2. Major Infrastructure Developments and Government Planning and Policies

Fixed asset investment in Shanghai has been quite strong since 2005, growing at a CAGR of 9.9% from 2005 to 2009. The strong investment in fixed assets shows the focus of the Shanghai Municipal Government (SMG) on improving the quality and efficiency of the infrastructure in Shanghai. The implementation of strong government policies to attract quality investment, improvements in infrastructure, and Shanghai's high-profile position in China have all contributed to this rapid increase. The Central Government has planned to transform Shanghai to an international shipping centre and international financial centre by 2020. The government has focused on these centres as a means to strengthen YRD, including increasing the quality and efficiency of the city's infrastructure and the number and quality of logistics companies.

- **Shanghai 2020 Plan:** The development of roadways and railways will enhance the transport capabilities to and from the ports. Improvements in the shipping systems will include expansion of domestic routes/intercity connections. The plan also identifies the need to diversify and modernize the capabilities of the logistics and financial services industries, e.g. increasing efficiencies in the industry including the diversification of financial services, ship financing and available insurance options.

- **Tax incentives for Logistics and Shipping Industries:** The Chinese government has implemented tax incentives to companies related to the logistics and shipping industries.

- The **"46 Modern Logistics Centre" Nomination in 2010:** Shanghai is one of the nominated logistics cities, with specialisations on a unified city distribution, medical, chemical, international and bonded.

### 7.2.3. Major Logistics Parks

Shanghai's modern logistics facility market has grown rapidly from inception in 2003 with the progressive expansion of four existing logistics zones and concentrations of mid/large-scale logistics facilities for lease in four city districts. The development of these logistics areas has been largely demand led and supported by the local government. As a result, Shanghai is now one of the most mature logistics markets in China. Overall, Shanghai's major logistics facilities are concentrated in major transportation hubs such as the Pudong International Airport, Hongqiao Airport, Waigaoqiao port area and Yangshan Deep Water Port. The hubs are all undergoing expansion to increase handling capacity and overall infrastructure quality. As of Q3 2009, approximately 69.2% of the mid/large-scale logistics facilities for lease in Shanghai are located within four major state-level zones and four major district areas:

| Major Logistics Zones | Descriptions |
|---|---|
| Waigaoqiao Bonded Logistics Park & Free Trade Zone | Waigaoqiao Bonded Logistics Park & Free Trade Zone in Pudong district is located about 30 km to the northeast of the city centre in Pudong district. While it began with a large proportion of standard warehouses, recent development has witnessed many built-to-suit buildings. Tenants are more import-oriented and focus on trade with Japan and Southeast Asian countries. Major tenants include KWE, DB Schenker, Maersk, UPS, DHL and Nippon Express. |
| Northwest Logistics Park | Northwest Logistics Park in Putuo district is a large land port logistics park located 14 km to the northwest of the city centre in the Taopu area of Putuo district, close to Hongqiao airport and is connected with the Huning and Hujia Rail with country-wide access. Tenants are mainly local domestic Chinese logistics and supermarket distribution centres and large domestic pharmaceutical distribution centres. Major tenants include APW, Schneider, YUM!, Carrefour Logistics and APP Logistics. |
| Pudong Airport Logistics Park | Pudong Airport Logistics Park in Pudong district is located 46 km to the southeast of the city centre, located adjacent to Pudong International Airport. Most tenants are logistics and freight forwarding companies, cargo agency companies and express mail & cargo companies. Major tenants include UPS, FedEx, TNT, Haas Automation, Geodis Wilson and DHL. |
| Lingang International Logistics Park | Lingang International Logistics Park in Pudong district is located 75 km to the southeast of the city centre. Tenants are active in heavy equipment distribution, and international logistics & freight forwarding. Major tenants include UPS, DHL, Danzas Z.F, Laurels, COSCO Logistics and Caterpillar Logistics. Lingang is the newest of the four major parks, commencing in 2005, with the purpose of supporting the development of the Yangshan Deep Water Port. |

Logistics parks in the following four major districts on their own do not comprise a significant supply of logistics facilities; however, when considered as a group the logistics parks are a representative proportion of mid/large-scale logistics facilities for lease in Shanghai.

| Major Logistics Areas | Descriptions |
|---|---|
| Baoshan Logistics Area | Baoshan Logistics Area in Baoshan district is located northeast of the Shanghai city centre (about 20 km), 45 km from the Pudong International Airport and is close to the Baoshan port area. Baoshan Industrial Zone and the Wusong International Logistic Park are the major industrial/logistics areas and have a major focus on the steel industry. Major companies in the Baoshan Industrial Zone are Baosteel, the largest steel maker in China, GE, Siemens, Toshiba, Mitsui and Praxair. Logistics players include Blogis, COSCO, Japan-China Dahuang Logistics, Huayang Logistics Group and Rongyan Logistics. |
| Jiading Logistics Area | Jiading Logistics Area in Jiading district is located in the northwest area of Shanghai, about 30 km north of the Shanghai Hongqiao Airport. The Nanxiang Industrial Zone, Dazhong Industrial Park and Jiading Industrial Zone are the main industrial zones and have a focus on automobile manufacturing. Major companies in the industrial zones include Delphi, TRW Automotive, Autoliv and SKF Auto Bearings. Logistics tenants include Lianyi Logistics, Dingtong Logistics and China Express Logistics. |

| Major Logistics Areas | Descriptions |
|---|---|
| Minhang Logistics Areas | Minhang Logistics Areas in Minhang district is located within about 11 km of the Shanghai Hongqiao Airport and 18 km of the Shanghai city centre. The Minhang Development Zone, Xinzhuang Industrial Park, Shanghai Zizhu Science Industrial Park and Minhang Economic & Technological Development Zone are the main industrial zones in the area. Companies in the zones include Ingersoll-Rand, Caterpillar, Fuji Xerox, Siemens and Coca Cola bottling. Major logistics tenants are Qiancheng Logistics, Jiayu Logistics and Lianqing Logistics. |
| Songjiang Logistics Areas | Songjiang Logistics Areas in Songjiang district is about 40 km east of the Shanghai city centre and located about 30 km from the Shanghai Hongqiao Airport. Major industrial zones in the area include the Songjiang Industrial Park, Songjiang Science & Technology Park and Xinqiao Industrial Park and attracted companies such as Volkswagen, Taiwan Semiconductor, Honda Motor and Husco. Major logistics tenants include Sinotrans, Nippon Express and Chic Logistics. |

### 7.2.4. Logistics Facility Market Overview

### Existing Supply and Future Trends

As of Q3 2009, the existing supply of mid/large-scale logistics facilities for lease in Shanghai is estimated at 11.6 million sq. m. GFA. The largest concentration (38.7%) of existing supply of mid/large-scale logistics facilities for lease in Shanghai is in the Pudong District, where three of the four state-level logistics zones are located. The strategic location of the Pudong District (including the area of the former Nanhui District) in relation to the East China Sea and the focus of the government on the district as an economic development zone have led to the majority of bonded areas in Shanghai being established in the Pudong District. Other concentrations of existing mid/large-scale logistics facilities for lease are in Jiading (13.2%), Baoshan (11.6%), Songjiang (9.9%) and Minhang (8.1%) districts. The quality of mid/large-scale logistics facilities for lease in Shanghai is relatively evenly distributed amongst low (38.1%), middle (32.5%) and modern (29.4%) quality space[(21)], thus providing the ability to serve the needs of a wide variety of clients. Total planned land area for logistics facilities in Shanghai in the four main logistics zones is estimated at 34.3 million sq. m. Of the total planned space, approximately 8.1 million sq. m. of land area in the four main logistics zones has been developed as of Q3 2009. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Shanghai.

### Key Demand Characteristics and Drivers

- Strategically located at the mouth of the Yangtze River, a major international manufacturing base, Shanghai has become the world's busiest container shipping port. As such, its ports and related logistics facilities have become a major link in the city's export market.

- The increasing presence of retailers and MNCs in Shanghai has also led to growing demand for more sophisticated logistics services including supply-chain management and distribution services centres. The demand for such services is in part being driven by the emergence of the 3PL market as players in this niche are moving up the value chain in the overall logistics market. Such demand is leading to requirements for modern logistics facilities which are met by overseas developers.

- In addition, the logistics industry has been earmarked by the local Shanghai government as a pillar industry with strong support and incentives for logistics related firms. In

(21) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

Pudong, for example, foreign invested firms scheduled to be in operation for more than 10 years are exempted from income taxes for the first two years after the company makes a profit and entitled to a 50.0% income tax refund for the next three years.

Overall vacancy rates for logistics facilities in Shanghai as of Q3 2009 stood at an estimated 13%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city. Several large-scale lease transactions over the past six months point to strong demand growth and declining vacancy levels. Select major transactions include:

- In November 2009, AMB leased approximately 7,100 sq. m. in the Jiuting Logistics Centre to Yamato—Bus Logistics bringing occupancy in the 35,000 sq. m. facility to 97%.

- In January 2010, GLP leased 15,600 sq. m. of logistics facilities to the Shanghai Pharmaceutical Co, Ltd in two logistics centres (located in Shanghai and Suzhou).

- In April 2010, GLP entered into a lease agreement with Sagawa Logistics Co for establishment of a logistics hub in Shanghai. Sagawa provides 3PL solutions for companies and will benefit from the modern facilities constructed by GLP.

## Major Investors and Investment Trends

Although much of the interest in Shanghai's real estate investment has focused on the office, residential and retail sectors, the logistics sector has seen strong activity from international investors. Among those investors[22], GLP owns the largest proportion of logistics facilities in Shanghai, followed by ING Real Estate, Goodman and Blogis.

| Modern Logistics Facilities Investors | Activities In Shanghai |
|---|---|
| AMB Property Corp | AMB currently has about 0.16 million sq. m. of logistics facilities in Shanghai spread between three logistics centres; AMB Jiuting Logistics Centre, AMB Fengxian Logistics Centre and AMB Shanghai Qingpu Zhonggu Distribution Centre. |
| GLP | GLP has about 821,583 sq. m. of logistics facilities in Shanghai scattered between 11 logistics parks. GLP invested about USD 100 million in the GLP Park Lingang and has had strong leasing activity with nearly 100% of logistics facilities in the first three phases of the park leased and strong demand for space in the fourth phase. |
| Blogis | Blogis Park (Shanghai) is the first logistics park investment for the Shenzhen Chiwan Petroleum Supply Base Co., Ltd. The park contains 17 warehouses that comprise about 0.2 million sq. m. GFA. |
| Goodman | Goodman has invested through a joint venture between the Canada Pension Plan Investment Board (CPPIB) and Goodman. Currently they have four logistics centres in Shanghai comprising about 0.28 million sq. m.<br>They have plans to rapidly increase expansion into the Northern China market with the newly announced signing of a Memorandum Of Understanding (MOU) with the Langfang Municipal Government for the development of a nearly five sq km premier logistics park in Langfang. |
| ING Real Estate | ING Real Estate owns one existing modern logistics facility project (approximately 0.25 million sm) in Waigaoqiao that was formerly owned by New City. |

(22) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

| Modern Logistics Facilities Investors | Activities In Shanghai |
|---|---|
| Mapletree | Currently Mapletree owns four logistics properties in Shanghai. The total area of the logistics facilities in Shanghai is about 0.16 million sq. m.<br>Most recent acquisition in the Shanghai market (RMB 158.3 million) was in October 2008 with the purchase of the 37,698 sq. m. logistics facilities located in the Waigaoqiao Free Trade Zone. The property comprises two linked warehouses, a six-story warehouse and a three-story warehouse. |
| Vailog | Vailog has a total of 105,000 sq. m. GFA in two existing logistics facilities (Vailog Jiading Distribution Centre and Vailog Songjiang Logistics Park). |
| Yupei | Yupei owns three logistics facilities in Shanghai, with a total area of 172,287 sq. m. They are located in Shanghai Yuhang Northwest Logistics Park, Shanghai Yuhang Huangdu Logistics Park and Shanghai Anting Yuhang Logistics Park<br>There is one upcoming project in Shanghai, Yuhang Lingang International Logistics Park, which has a total GFA of about 110,000 sq. m. and is estimated to be completed by Q1 2011. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010). *Including warehouses but excluding factories.

### Current Rents, Sales Price and Yield Levels

As of Q3 2009, average rental levels for modern mid/large-scale logistics facilities for lease were RMB 31.52 psm per month. CBRE Research indicates overall rental growth from Q3 2009 to Q2 2010 of 6.5% for logistics facilities in Shanghai. Recent positive demand for warehouse space as evidenced by leasing transactions and a limited increase in the construction of warehouse space indicate positive growth in rental levels over the next 12 months, estimated at around 7.0%-9.0%. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that net yields in the market range between 6.0%-7.0% (gross yields between 7.5%-8.5%).(23)

## 7.3. Guangzhou

### 7.3.1. Economic Overview

| | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 5,154 | 6,082 | 7,140 | 8,287 | 9,113 |
| Nominal GDP per capita (RMB) | 53,809 | 63,183 | 72,123 | 81,941 | 88,834 |
| Retail Sales of Consumer Goods (RMB billion) | 189.9 | 218.3 | 259.5 | 314.0 | 364.8 |
| Annual Disposable Income per capita (RMB) | 18,287 | 19,851 | 22,469 | 25,317 | 27,610 |
| Annual Consumer Expenditure per capita (RMB) | 14,468 | 15,445 | 18,951 | 20,836 | 22,821 |
| Consumer Price Index (Preceding Year =100) | 101.5 | 102.3 | 103.4 | 105.9 | 97.5 |
| Investment in Fixed Assets (RMB billion) | 152.0 | 169.6 | 186.3 | 210.6 | 266.0 |
| Foreign Direct Investment contracted (USD billion) | 3.40 | 4.39 | 7.04 | 5.9 | 3.78 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 534.7 | 637.6 | 734.9 | 819.7 | 767.4 |

Source: Guangzhou Statistics Bureau; The figures in value terms are calculated at current prices; *Figures of 2009 are provisional; Figures for 2006-2008 have been adjusted according to the result of the Second Economic Census

Guangzhou is situated in the southeast of Guangdong Province and borders the Pearl River Delta (PRD), a leading economic region and a major manufacturing centre in South China. The strong industrial base in Guangzhou contributes significantly to the economic development of the PRD region as well as the whole of China. Guangzhou's GDP reached RMB 911.3 billion in 2009 which accounted for one-fourth of the provincial total, and the city's tertiary sector comprised more than 60% of the total GDP. Total retail sales of consumer goods also grew rapidly at a

(23) Limited sales transactions available for the estimation of yields.

CAGR of 17.7% from 2005 to 2009, reaching RMB 364.8 billion in 2009, highlighting the city's strong consumer market.

### 7.3.2. Major Infrastructure Developments and Government Planning and Policies

Fixed-asset investment in Guangzhou was strong from 2005 to 2009, growing at a CAGR of 15.0%. The Central government focused on improving the transportation network so as to strengthen linkages among cities in the PRD region. All these regional scale infrastructure developments help channel capital investment from other cities to PRD as well as Hong Kong, Macau, Beijing and Shanghai. Since the opening up of the logistics industry to foreign logistics players since 2006, there has been further support from the municipal's Government, including:

- **Guangzhou Eleventh Five-Year Plan:** The plan places a strong emphasis on advancing the development of the logistics sector, specifically the promotion of the 3PL business, attracting more integrated logistics providers from abroad and improving airfreight handling capacity. Other stated goals included accelerating the construction of three pivotal international logistic parks.

- **PRD Reform and Development Plan (2008-2020):** The government also promotes a number of modern logistics hubs to be constructed in PRD region in the outline of the plan.

- The **"46 Modern Logistics Centre" Nomination in 2010:** The city's logistics will focus on e-commerce logistics, international and bonded logistics.

- **Other Preferential Polices on the Logistics Industries:** In August 2009 Guangzhou authorities have worked out a scheme to build a logistics centre with a complete range of functions, strong information networking, storage and handling capacities by making use of the existing logistics platforms. There are eight other policies and measures particularly for the logistics industry, including special supporting capital, layout and land use and customs policies etc.

### 7.3.3. Major Logistics Parks

The development of the logistics facility market in Guangzhou has mirrored China's economic reforms in the mid-1990s and has been further supported by China's entry into the WTO. Guangzhou has three major state-level logistics zones, six district-level logistics zones as well as a few specialised distribution centres located in industrial zones, adjacent to key manufacturing facilities.

State-level Logistics Parks

| Major Logistics Parks | Descriptions |
|---|---|
| Airport International Logistics Park | Airport International Logistics Park is located at Huadu district adjacent to the Guangzhou Baiyun International Airport. The logistics park covers a planning area of 4.62 sq km and is mainly engaged in the development of air-logistics-related industries such as air freight, express delivery, warehouse and office space. The majority of existing tenants include express delivery companies such as UPS, DHL and TNT. The development of the airport logistics park was enhanced by the opening of the Clifford Aero Logistics Centre (with a GFA of 200,000 sq. m.) in May 2008, FedEx's new Asia Pacific Transportation Hub in February 2009 and the Guangzhou Airport Duty-free Logistics Centre in January 2010, which involved a total floor space of approximately 82,000 sq. m. |

| Major Logistics Parks | Descriptions |
|---|---|
| Huangpu International Logistics Park | Huangpu International Logistics Park is located within the Guangzhou Free Trade Zone and comprises a total land area of 5.35 million sq. m. The logistics park is attached to the Guangzhou Economic and Technology Development District (GETDD), a major manufacturing base and supported by the Huangpu port and major expressways of the city. As of Q2 2010, a total warehousing area of 750,000 sq. m. has been completed, which serves the business operation needs of more than 100 logistics enterprises. Huangpu International Logistics Park is expected to be the main area for the introduction of 3PL business-based logistics enterprises. Major 3PL enterprises include South Logistics, PG Logistics, HYC Logistics, Futian Nikkon and Top & Ideal Logistics. |
| Nansha Logistics Park (NLP) | NLP is located next to the Nansha free trade port in Nansha District, taking advantage of the deep-water port and China's most preferential trade policies. Built in 2009, NLP is a 1.4 sq km development zone consisting of bonded and non-bonded storage areas with on-site customs declaration. Many logistics company such as Borouge from Abu Dhabi, Tianyun International Group and OOCL have established business operations in the park. |

## District-level Logistics Zones

| Major Logistics Parks | Descriptions |
|---|---|
| Baiyun district | Baiyun district is where the Guangzhou Baiyun International Airport is located and is south of the Guangzhou Railway Station. This district has been positioned as an airport-related industrial base, an important transportation hub of Asia Pacific region. The major focus of logistics zones in this area is to provide integrated logistics services to South China's cities via the new airport and the transportation hub, facilitate the development of 3PL logistics, and to promote the Airport Free Trade Zone. |
| Zengcheng Xintang Industrial Processing Zone | Zengcheng Xintang Industrial Processing Zone is located in Zengcheng district close to Guangzhou Economic and Technologic Development Zone (GETDZ), Huangpu port and Xintang port. This zone is well connected with the city's transportation network such as the Guangzhou-Shenzhen highway and is within an-hour's driving distance Guangzhou New Baiyun international airport and Shenzhen Baoan international Airport. This industrial zone provides integrated logistics services for users with a focus on modern service industries, particularly automobile and motorcycle logistics. |
| Panyu district | Panyu district consists of a number of industrial parks such as Guangri Industrial Park (commenced in May 2009), Guangzhou National Bio-Industrial Base, R&D Base of Guangzhou Automobile Group Co., Ltd. and TusPark Guangzhou Innovation Base. Generally the focus of these industrial parks is on the automobile industry and modern information services. |
| Liwan district | Liwan district is located in the southwest part of Guangzhou. With the completion of China Tobacco Guangzhou Production Facilities, Guangzhou International Medicine Port, Guangzhou Plastics Exchange and Longxi Logistics Park, large-scale commercial logistics centres with an emphasis on the production service industry is expected to serve the western PRD region including Guangzhou and Foshan. |
| Huadu district | Huadu district is situated in the northwest of Guangzhou with convenient access to Huadu Port, 3 national highways, 5 expressways, Guangzhou Baiyun International Airport and the national railway to Beijing. While the development of automobile, leather/leather products and the airport-related industries will continue to be the major focus of the industrial clusters, the government also plans to strengthen the development in other industries including modern logistics, amongst others. |
| Luogang Logistics Zone | Luogang Logistics Zone is located in the Guangzhou Economic and Technology Development district (GETDD) in Luogang district and is close to Huangpu Port. Leveraging its proximity to GETDD (a major manufacturing base and economic zone in Guangzhou) and Huangpu Port (a key container port in the city), Luogang Logistics Zone is one of the most important logistics zones in Guangzhou. |

### 7.3.4. Logistics Facility Market Overview

**Existing Supply and Future Supply Trends**

The Guangzhou logistics facility market covers the state-level logistics zones. As of Q4 2009, there was about 5.4 million sq. m. GFA of mid/large-scale logistics facilities for lease in Guangzhou. The largest concentration of this existing supply is in Huangpu district (16.6%), Luogang district (17.6%) and Baiyun district (18.5%) where two of the three state-level logistics parks are situated. The remainder are scattered evenly over other districts of the city. 46.8% of the mid/large-scale logistics facilities for lease in Guangzhou are low quality space while 33.4% are of middle quality and 19.8% are of modern(24). We expect that logistics facilities in Guangzhou will continue to increase in view of the various plans and measures put forward by the municipal's government in developing the logistics sector and the on-going expansion of ports and state-level logistics zones within the city.

**Key Demand Characteristics and Drivers**

- Enhancement of the infrastructure and transport network: Guangzhou's vast transportation network of transportation provides good access to seaports, airports, industrial parks and logistics centre within the city. Development of regional infrastructure also links the city with major cities in its neighbourhood, providing greater convenience for operators and users in the logistics sector.

- Preferential tax policies: For ports such as Nansha Port, import and export goods in that stay within the Free Trade Port Zone are exempted from import and export duties.

- The upcoming 2010 Asian Games in Guangzhou has been a major driver of the city's development in the past few years. With the Games are approaching, it is expected to further uplift the logistics sector to cater for various aspects of the event.

In 2008, logistics firms in the city totalled more than 1,000. International logistics giants which have invested into Guangzhou's logistics market include UPS, Nippon Express, NKY, Maersk Denmark and TNT. In addition, the presence of automobile logistics enterprises such as Futian Nikkon, Toyotsu, Fengshen Logistics have facilitated the development 3PL logistics in the city. More headquarters of major logistics enterprises and regional headquarters of foreign-funded logistics enterprises have been set up in Guangzhou, including Maersk and DB Schenker. The establishment of FedEx's major global freight forwarding service provides improved transport linkages, further stimulating overseas manufacturers to establish production bases in Southern China. As of Q4 2009, the majority of the mid/large-scale logistic facilities for lease in Guangzhou were fully occupied and the overall vacancy rate of these logistics facilities was estimated at about 9%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

**Major Investors and Investment Trends**

In response to the rising demand for logistics services after China's entry into the WTO, international developers of logistics facilities began entering the market which was followed by an increasing number of local developers and investors of logistics facilities. The majority of existing modern logistics facilities in Guangzhou among the major investors(25) is owned by GLP and represents nearly the same proportion of logistics facilities as AMB, Blogis and

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(24) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

(25) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

Mapletree combined. Other logistics facilities investors include the Guangzhou-based P.G. Logistics (PGL).

| Modern Logistics Facilities Investors | Activities In Guangzhou |
|---|---|
| AMB Property Corp. | AMB Guangzhou Development Zone Distribution Centre is located in GETDD with a GFA of 99,133 sq. m. |
| Blogis | Blogis Park (Guangzhou) is located in east section of Guangzhou Economic & Technological Development District, covering 164,000 sq. m. of land which consists of about 80,000 sq. m. warehouse area. |
| GLP | GLP currently has three logistics facilities in Guangzhou totalling about 292,698 sq. m. building area. |
| Mapletree | Mapletree currently owns 12 single-story buildings for warehousing in Huadu with a total leasable area of 117,146 sq. m. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

## Current Rents, Sales Price and Yield Levels

As of Q4 2009, average asking rental levels for modern mid/large-scale logistics facilities for lease were recorded at RMB 26.95 per sq. m. per month. CBRE Research indicates overall rental growth from Q4 2009 to Q2 2010 of 3.9% for logistics facilities in Guangzhou. Looking forward, take up of modern logistics facilities has been at a faster pace in Guangzhou with evidence of multiple tenants bidding to secure higher quality non-bonded warehousing space in particular. The impact of tenant loss and oversupply due to weakened demand resulting largely from the global financial crisis has lessened, with rental levels becoming more firm and landlord incentives decreasing. If export markets continue to strengthen and the local consumption retail sector remains buoyant we project that rental will increase 6.0% to 8.0% over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that net yields in the market range between 6.5%-7.0% (gross yields between 8.0%-9.0%).(26)

## 7.4. Shenzhen

### 7.4.1. Economic Overview

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| GDP (RMB 100 million) | 4,951 | 5,814 | 6,802 | 7,807 | 8,201 |
| GDP per capita (RMB) | 60,507 | 67,907 | 79,221 | 89,814 | 92,771 |
| Retail Sales of Consumer Goods (RMB billion) | 143.8 | 167.1 | 191.5 | 225.2 | 259.9 |
| Annual Disposable Income per capita (RMB) | 21,494 | 22,567 | 24,301 | 26,729 | 29,245 |
| Annual Consumer Expenditure per capita (RMB) | 15,911 | 16,628 | 18,474 | 19,779 | 21,526 |
| Consumer Price Index (Preceding Year = 100) | 101.6 | 102.2 | 104.1 | 105.9 | 98.7 |
| Investment in Fixed Assets (RMB billion) | 118.1 | 127.4 | 134.5 | 146.8 | 170.9 |
| Foreign Direct Investment contracted (USD billion) | 5.25 | 5.26 | 8.57 | 7.28 | 3.56 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 1,828 | 2,374 | 2,875 | 3,000 | 2,702 |

Source: Shenzhen Statistics Bureau

Shenzhen, located in Guangdong Province, is China's first special economic zone. The city has played a pioneering role in China's economic reform and development. Its economy has grown rapidly over the past few years and is the fourth largest in terms of economic power, with nominal GDP growing at a CAGR of 13.4% for 2005-2009. Annual disposable income per capita grew a CAGR of 8.0%. Per capita consumer expenditure grew by CAGR of 7.8% over the same period.

(26) Limited sales transactions available for the estimation of yields.

Retail sales also grew fast at 15.4% y-o-y and reached RMB 260 billion in 2009. The strong domestic consumption is thus perceived as one of the key drivers supporting the growth of the local logistics/ distribution in Shenzhen.

### 7.4.2. Major Infrastructure Developments & Government Planning and Policies

To support Shenzhen's economic growth, the government has invested heavily in recent years in infrastructure development, particularly in relation to roadways, railways and bridges. The total investment in fixed assets reached RMB 170.9 billion in 2009, representing a CAGR of 9.7% from 2005 to 2009. In terms of government support, the following plans and initiatives have been implemented in Shenzhen:

- **General Urban Plan 2007-2020:** Shenzhen is proposed to be developed into an innovative and comprehensive special economic zone under the plan.

- **Shenzhen 2030 Urban Development Strategy, Shenzhen Overall Comprehensive Reform Pilot Program,** Shenzhen-Hong Kong Innovation Circle: these plans and initiatives aim to optimize and upgrade the industrial structure of Shenzhen through the development of a modern service industry to complement Hong Kong as an international finance centre.

- The **"46 Modern Logistics Centre" Nomination in 2010:** The city's logistics will focus on e-commerce logistics, international and bonded logistics.

- **Preferential policies for the modern logistics industry:** policies included preferential rates on land price for development of logistics distribution centres, faster approval process for key logistics projects and special funds and subsidies for the development of modern logistics and construction of logistics parks.

### 7.4.3. Major Logistics Parks

The mid/large-scale logistics facilities for lease in Shenzhen are located within two major state-level zones and six logistics parks in five districts, outlined as follows:

Free Trade Zone

| Major Logistics Parks | Descriptions |
|---|---|
| Futian Free Trade Zone | Futian Free Trade Zone is located at the south of Shenzhen downtown. Established in May 1999, it occupies a free trade area of 1.35 sq km. The zone dedicates itself to developing high-tech industries, modern logistics and international business. A special passage directly connects it to Hong Kong through the Luomazhou Bridge. |
| Yantian Port Free Trade Zone / Yantian Port Free Trade Logistics Zone | Yantian Port Free Trade Zone and Yantian Port Free Trade Logistics Zone were approved in 1996 with Phase I development covers a total area of 0.85 sq km, comprising two portions of areas separated by Yantian Port Avenue. The park located within the Yantian Port Free Trade Zone covers a total land area of 0.96 sq km. It focuses on developing modern logistics and entrepot trade with the port as support. |

Logistics Parks

| Major Logistics Parks | Descriptions |
|---|---|
| Qianhai Bay Logistics Park | Qianhai Bay Logistics Park is located at the Nanshan District which mainly provides services for ports clusters in the west of Shenzhen in terms of marine, land and air transport, delivery and business and trade. Main functions of the park include: port complement, infrastructure support and comprehensive logistics services. Occupiers are mainly American and European based logistics and freight forwarding companies. |

| Major Logistics Parks | Descriptions |
|---|---|
| Sungang-Qingshuihe Logistics Park | Sungang-Qingshuihe Logistics Park is located at Luohu District with a planned area of 4.74 sq km. Established in 1980, it is set up to be a modern service base integrating logistics information, business service, bonded logistics, modern storage and city delivery, logistics infrastructure, exhibition of international bulk goods, purchase and trade, and supporting facilities. Tenants are mainly domestic tenants and occupiers are logistics and freight forwarding companies. |
| Pinghu Logistics Park | Pinghu Logistics Park is located at Longgang District, with a planned area of 14.75 sq km. Established in 1989, it is the only comprehensive logistics park focusing on material distribution centre. Occupiers are mainly Hong Kong and domestic companies. |
| Yantian Logistics Park | Yantian Logistics Park is located at Yantian District. Established in 1996, it has become a comprehensive international logistics zone with services covering domestic and foreign market. Occupiers are mainly American and European based logistics and freight forwarding firms. Most tenants occupy relatively a large area of around 10,000 sq. m. above. |
| Longhua Logistics Park | Longhua Logistics Park is located at Longgang District, with a planned area of 0.53 sq km. Established in 2003, the park focuses on international container forwarding services. Occupiers are mainly Hong Kong and Foreign based companies. |
| Airport Logistics Park | Airport Logistics Park is located at Bao'an District, with a planned area of 1.16 sq km. Established in 1989, the park is the only airport logistics park integrating the sea, land and air business in China focusing on international airport logistics hub serving the Southern China Region. Occupiers are airlines and freight forwarding companies, due to the Park's close proximity to the airport. |

In addition to the six logistics parks above, three comprehensive logistics parks are under planning and construction. These logistics parks include Dachan Bay Supporting Logistics Park, Gu Shu Logistics Park and Guang Ming New District Logistics Park.

### 7.4.4. Logistics Facility Market Overview

#### Existing Supply and Future Supply Trends

As of Q4 2009, the existing supply of mid/large-scale logistics facilities for lease in Shenzhen was estimated at 4.7 million sq. m. GFA. The largest concentration (26%) of the existing supply of mid/large-scale logistics facilities for lease in Shenzhen is Futian Free Trade Zone in the Futian district, with approximately 1.2 million sq. m. GFA. Other supply of mid/large-scale logistics facilities for lease is in Longgang (18%), Nanshan (17%), Bao'an (15%), Luohu (12%) and Yantian (12%) districts. At present, most of the new supply of mid/large-scale logistics facilities for lease is currently concentrated in Qianhai Bay and Yantian Port. The development of logistics warehousing facilities is linked to the port activities. It is expected that the major supply of mid/large-scale logistics facilities for lease will still concentrate in the seaport and airport areas. The quality of mid/large-scale logistics facilities for lease in Shenzhen is relatively evenly dispersed amongst low (40.6%), middle (32.9%) and modern (26.5%)[27].

#### Key Demand Characteristics and Drivers

Key demand is driven by its close proximity to Hong Kong, the low cost environment (relative to Hong Kong and other developed Asian cities), the well-established infrastructure facilities and the limited availability of warehouse facilities in Hong Kong. The facility cost (sales price and rental) are much higher in Hong Kong, prompting logistics companies (including foreign companies) to opt for Shenzhen as the immediate alternative. The existing demand for logistics facilities in Shenzhen comes from domestic companies and Hong Kong, American or European

(27) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

logistics firms engaged in logistics and freight forwarding, international retailing, procurement, distribution and manufacturing.

Overall vacancy rates for mid/large scale logistics facilities for lease in Shenzhen as of Q4 2009 stood at an estimated 12%. Except two logistics parks with particularly high vacancy rates of 83% and 72%, the majority of the logistics parks have vacancy rates of less than 5%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city. Looking forward, it is anticipated that continued cooperation in pan-PRD region will further boost the demand for industrial premises including logistics facilities.

### Major Investors and Investment Trends

As much of the interest in Shenzhen real estate investment has focused on the office, residential and retail sectors, investment activities of the logistics sector in Shenzhen from international investors is less strong when compared to other first-tier cities in China such as Guangzhou, Shanghai and Beijing. Of the major investors[(28)], only GLP and Blogis have existing facilities in the city, totalling some 168,477 sq. m. GFA and some 45,000 sq. m. GFA respectively.

| Modern Logistics Facilities Investors | Activities In Shenzhen |
|---|---|
| Blogis | Blogis Park (Shenzhen) is located in the centre of the west ports, with warehouse area of about 45,000 sq. m., which provides total warehousing solutions, including bonded warehouse, supervised warehouse and common warehouse. |
| GLP | GLP Park Futian warehouse facilities have a GFA of about 37,619 sq. m. while GLP Park Longgang's warehouse facilities has a GFA of 41,292 sq. m. GLP Park Yantian, a joint-venture between GLP and Shenzhen Yantian Port Group Co., Ltd. has warehouse facilities amounting to 89,566 sq. m. GFA. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010). *Including warehouses but excluding factories.

### Current Rents, Sales Price and Yield Levels

As of Q4 2009, average rental levels for modern mid/large-scale logistics facilities for lease were RMB 33.86 psm per month. CBRE Research indicates overall rental growth from Q4 2009 to Q2 2010 of 6.2% for logistics facilities in Shenzhen. Take up of modern logistics facilities has been at a faster pace in Shenzhen with evidence of multiple tenants bidding to secure higher quality non bonded warehousing space in particular. The impact of tenant loss and oversupply due to weakened demand resulting largely from the global financial crisis has lessened, with rental levels becoming more firm and landlord incentives decreasing. If export markets continue to strengthen and the local consumption retail sector remains buoyant, CBRE estimates that rental levels will increase 6.0% to 8.0% over the next 12 months. Based upon limited number of transactions in recent years and CBRE's market knowledge, we estimate that net yields in the market range between 6.5%-7.0% (gross yields between 8.0%-9.0%).[(29)]

(28) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(29) Limited sales transactions available for the estimation of yields.

### 7.5. Suzhou

#### 7.5.1. Economic Overview

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 4,027 | 4,820 | 5,701 | 6,701 | 7,400 |
| Nominal GDP per capita (RMB) | 66,766 | 78,801 | 91,911 | 106,863 | N/A |
| Retail Sales of Consumer Goods (RMB billion) | 90.5 | 105.5 | 125.0 | 155.2 | 180.1 |
| Annual Disposable Income per capita (RMB) | 16,276 | 18,532 | 21,260 | 23,867 | 26,320 |
| Annual Consumer Expenditure per capita (RMB) | 11,165 | 12,472 | 13,959 | 15,183 | N/A |
| Consumer Price Index (Preceding Year = 100) | 102.4 | 101.6 | 104.2 | 105.3 | 99.8 |
| Investment in Fixed Assets (RMB billion) | 123.4 | 146.9 | 167.3 | 187.5 | N/A |
| Foreign Direct Investment contracted (USD billion) | 15.3 | 15.9 | 18.4 | 16.4 | N/A |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 1,405.8 | 1,742.6 | 2,118.0 | 2,285.2 | 2,014.5 |

Source: Suzhou Municipal Bureau of Statistics; N/A denotes data not available.

Suzhou is a major city located in Jiangsu Province in the heart of YRD. Its location along the Yangtze River and its close proximity to Shanghai (approximately one hour drive) has led to a strong focus on international trade and the shipping industry, supporting the growth of the logistics sector. Suzhou and the Kunshan area are strong economic areas in the YRD and have benefitted greatly from the proximity to Shanghai's developed transportation network, which has led to a relatively seamless connection for the flow of goods and materials. The city has experienced strong economic growth with its GDP growing at a CAGR of 16.4% (2005-2009), which outpaced growth in the majority of cities in YRD (Shanghai 12.9%, Ningbo 14.5%, Nanjing 15.1% and Wuxi 12.5%). A key contributor to Suzhou's economic growth has been a strong influx of foreign investment driven by favourable investment incentives and lower land and labour costs than Shanghai. Annual per capita disposable income levels have been rising with a CAGR of 12.8% from 2005 to 2009. The steady CAGR of 8.0% (2005-2008) for consumer expenditures per capita and the high CAGR of 18.8% (2005-2009) for retail sales reflect the confidence of consumers.

#### 7.5.2. Major Infrastructure Developments and Government Planning and Policies

Suzhou's location on the Yangtze River and proximity to the East China Sea makes the city an attractive location for the shipping and logistics industries. The city is a major river port by cargo in China and recorded a 18.8% y-o-y increase in total cargo throughput in 2009, reaching 246 million tonnes. Massive investment (around RMB 13.5 billion) has been injected to improve and expand the port over the past few years. Suzhou's logistics industry has received strong government support, with policies and plans in place as follows:

- **Suzhou Modern Logistics Plan (2001-2015):** The objective is to strengthen Suzhou's position as the regional logistics hub of the Suzhou-Wuxi-Changzhou city cluster and a major logistics city in the Yangtze River Delta. The city designated three major logistics corridors which include ten general logistics areas. Development of the logistics areas has progressed and is expected to be completed driven by demand for logistics facilities in the market.

- **The Stimulus Policy of Suzhou Services Industry in 2005:** The plan includes preferential policies on land acquisitions, giving loan subsidies and interest rate discounts, support for investment in IT platform to increase the efficient flow of logistics information and promotion of the Suzhou logistics market to large-scale international logistics enterprises.

- The **"46 Modern Logistics Centre" Nomination in 2010:** The city's logistics will focus on distributions, international and bonded logistics.

### 7.5.3. Major Logistics Parks

The Suzhou modern logistics facility market has grown significantly from its emergence in 2001 to five major logistics parks currently. These five major logistics parks contain the majority of logistics facilities in Suzhou, with the remaining space located primarily within three districts: Weiting, Wangting and Wuzhong districts.

| Major Logistics Parks | Descriptions |
|---|---|
| Suzhou Logistics Park (SLP) | SLP is located in the Suzhou Industry Park Integrated Free Trade Zone (IFTZ), which is 20 km from the Suzhou city centre. With a planning area of 5.3 sq km, dividing into east (3.9 sq km) and west (1.4 sq km) sections, SLP serves the logistics needs of automotive and aerospace industries in IFTZ. Major tenants include UPS, KWE (Kintetsu Japan), Sinotrans and Daejeon. GLP is the largest logistics developer in SLP in terms of GFA developed. |
| Suzhou New District Bonded Logistics Park (SBLP) | SBLP is located about 10 km from the city centre. With a total land area of 838,200 sq. m. and a total buildable area of 426,000 sq. m., SBLP is home to professional domestic logistics companies such as Datian Storage, Sinotrans, Feiliks, and Jiangsu Yuandong Kuailu Logistics Co. Total investment in the SBLP is estimated to be RMB 15 billion. |
| Zhangjiagang Bonded Logistics Park (ZBLP) | ZBLP was approved by the State Council in 1992, and has a planned area of 4.1 sq km. ZBLP is located near the Zhangjiagang Port and about 80 km from the city centre with main functions including export processing, bonded storage and international trade. Major tenants include Vopak, Dow Chemical, DuPont, Dow Corning, and COFCO. |
| Taicang Bonded Logistics Park (TBLP) | TBLP is located in the Taicang Port Development Zone and near the Taicang Port. The total planned land area of TBLP is 1.4 sq km comprising a total of 550,000 sq. m. of warehouse space. Since its launch in May 2009, 235,000 sq. m. GFA of warehouse space has been completed together with a container yard and inspection service facility. TBLP specialises in bonded warehousing and logistics services and has attracted companies in the iron and steel, electronics and chemical industries. Major tenants include China Master Logistics, APP and Formosa Plastics. |
| Kunshan Logistics Parks (KLP) | KLP in Kunshan city is centrally located between (about 35 km) the Shanghai Hongqiao Airport and Taicang Port. Kunshan city has a lot of logistics parks which on their own do not comprise a significant supply of logistics facilities. However, when considered as a group the logistics facilities represent a significant proportion of logistics facilities in Suzhou. Total planned area in KLP is about 820,000 sq. m. GFA. The major logistics parks are located in three main areas; the Kunshan Export Processing Zone, Lujia Town and Huaqiao International Business Park. The main industries in these logistics parks are electronics, precision machinery and bonded logistics. Major logistics facilities investors in the parks include AMB and Blogis. |

### 7.5.4. Logistics Facility Market Overview

#### Existing Supply and Future Supply Trends

As of Q3 2009, the total GFA of mid/large scale logistics facilities for lease in Suzhou is estimated at 2.1 million sq. m. The major proportion (73.9%) of existing logistics facilities in Suzhou is concentrated in three logistics parks; namely SLP (31.9%), SBLP (17.5%) and KLP (24.5%). Modern mid/large scale logistics facilities for lease represent the large majority of logistics facilities in Suzhou at 84.4%[30]. The high percentage of modern facilities may in part be due to the relatively mature logistics industry and the attraction of international logistics developers. The total planned GFA of logistics facilities in Suzhou in the five major logistics parks is estimated to be 3.1 million sq. m., with about 1.0 million sq. m. of GFA in the major logistics parks to be developed in the future. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Suzhou.

(30) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

### Key Demand Characteristics and Drivers

As with other several other cities in China, the increasing demand for logistics facilities in Suzhou is largely attributed to the overall rapid growth of the country's economy.

- The location of Suzhou relative to Shanghai will support demand for Suzhou's logistics industry as Shanghai focuses on its macro development strategy on becoming an international financial and shipping centre, and some manufacturing shifts to Suzhou.

- Retail sales are another key demand driver for the logistics industry in Suzhou. Retail sales in Suzhou have been increasing significantly in recent years bolstered by the rapid economic development of Suzhou, increasing at an annual rate of 18.8% from 2005 to 2009. Expansion in retail sales means a need for additional warehouse facilities and logistics services providers.

As of Q3 2009, overall vacancy rates for mid/large scale logistics facilities for lease in Suzhou were estimated at 18%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city. Although vacancies for mid/large scale logistics facilities for lease in Suzhou were relatively high as of Q3 2009, demand was strong among select modern logistics parks, as evidenced by high occupancy levels in AMB (100%), Blogis (Kunshan) (100%) and GLP Park Suzhou (98%) logistics parks.

### Major Investors and Investment Trends

Due to its close proximity to Shanghai and a well developed transportation and shipping network, the city has attracted major logistics investors interested in attaining more value for their investment partly due to lower land prices and construction costs. Major well established international logistics investors include AMB, Gazeley and GLP. In addition, Blogis has invested significantly in the logistics market. Amongst the major investors(31) in China, GLP has a market share which is more than double the market share of all major investors combined. ING Real estate owns one future logistics project in Kunshan Huaqiao.

| Modern Logistics Facilities Investors | Activities In Suzhou |
|---|---|
| AMB Property Corp | AMB owns a warehouse of 19,163 sq. m. net rentable area completed in 2008 with 100% occupancy as of Q2 2010.<br>A planned project of about 66,000 sq. m. of land area located in Kunshan Huaqiao Business Park, with the registered capital for the construction of phase I at about USD 20 million. |
| GLP | Currently GLP has four projects in Suzhou, in GLP Park Suzhou, GLP Park Wangting, GLP Park Wuzhong and GLP Genway Industrial Park:<br>• GLP Park Suzhou is located in Suzhou Industrial Park, and as of 2009, 31 completed bonded & non-bonded warehouse facilities, totalling 442,700 sq. m. had been completed. A double-storey warehouse facility of about 37,000 sq. m. has also been completed with an additional double storey warehouse of the same size under construction and expected to be completed by the end of 2010.<br>• GLP Park Wangting is located within the 16 sq km Wangting International Logistics Park. As of December 2009, GLP Park Wangting has three completed warehouse facilities totalling 33,588 sq. m.<br>• GLP Park Wuzhong is a logistics facility located in the Suzhou Wuzhong Economic Development Zone, and comprises 14,311 sq. m. of GFA. |

(31) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

| Modern Logistics Facilities Investors | Activities In Suzhou |
|---|---|
| Blogis | Blogis Park (Kunshan) is a large-scale (130,000 sq. m. GFA) modern logistics park located in Huaqiao International Business Park. Phase I, completed in December 2007, includes 12 warehouses, an office building, packing zones, a container yard and a parking area. Investment in phase I was about RMB 450 million. |
| Yupei | Yupei currently owns a logistics facility in Suzhou Yuhang Logistics Park, with a total GFA of about 74,500 sq. m. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

Other competitors include Gazeley which owns a 24,000 sq. m. GFA logistics project in Kunshan.

### Current Rents, Sales Price and Yield Levels

As of Q3 2009, rental levels for modern mid/large scale logistics facilities for lease in Suzhou's logistics market measured RMB 26.13 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Suzhou to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields range between 8.5%-9.5%.(32)

## 7.6. Tianjin

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 3,698 | 4,359 | 5,050 | 6,354 | 7,501 |
| Nominal GDP per capita (RMB) | 35,783 | 41,022 | 46,122 | 55,473 | 62,403 |
| Retail Sales of Consumer Goods (RMB billion) | 119.2 | 136.3 | 159.9 | 200.1 | 243.3 |
| Annual Disposable Income per capita (RMB) | 12,638 | 14,283 | 16,357 | 19,423 | 21,430 |
| Annual Consumer Expenditure per capita (RMB) | 9,653 | 10,548 | 12,029 | 13,422 | 14,801 |
| Consumer Price Index (Preceding Year =100) | 101.5 | 101.5 | 104.2 | 105.4 | 99.0 |
| Investment in Fixed Assets (RMB billion) | 151.7 | 185.0 | 238.9 | 340.4 | 500.8 |
| Foreign Direct Investment contracted (USD billion) | 7.32 | 8.11 | 11.52 | 13.26 | 13.84 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 533.9 | 645.7 | 715.5 | 805.4 | 979.0 |

Source: Tianjin Statistics Bureau

### Logistics Facility Market Overview

Tianjin's modern logistics facility market has grown since its emergence in 2005 with the establishment of Binhai New Area (BNA) and the liberalisation of the logistics market under WTO guidelines. There are four major logistics parks located in Tianjin, namely, (1) Tianjin Airport International Logistics Zone (TALZ), (2) Tianjin Bonded Logistics Park (TBLP), (3) Tianjin Port Logistics Zone (TPLZ) and (4) GLP TEDA Logistics Park. As of Q4 2009, the existing supply of mid/large scale logistics facilities for lease in Tianjin is estimated at 3.9 million sq. m. GFA. The largest concentration (43.7%) of existing supply of mid/large scale logistics facilities for lease in Tianjin is in Tanggu district, where three of the four large-scale logistics zones are located. The fast-growing logistics market in Tanggu has been driven by the strong investment in BNA. Other concentrations of existing mid/large scale logistics facilities for lease are in Dongli (22.3%), Beichen (15.0%) and Xiqing (12.8%) districts. The quality of mid/large scale logistics facilities for lease in Tianjin overall is relatively low. Nearly half (44.1%) of the space is of low quality, while middle and modern properties account for 33.9% and 22.0% respectively(33). Total planned area (GFA) for logistics facilities in Tianjin in the four

(32) Limited sales transactions available for the estimation of yields.

(33) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

main logistics zones is estimated to be 5.3 million sq. m. GFA. Of the total planned area (GFA), approximately 2.1 million sq. m. in the four main logistics zones has been developed as of Q4 2009. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Tianjin. The key demand characteristics can be attributed to three major factors.

- Rapid development in BNA and Tianjin overall has attracted a growing number of MNCs and international retailers seeking logistics facilities and logistics services. The MNCs and international retailers require not only modern logistics facilities, but also advanced logistics services including supply-chain management and distribution services centres, thus driving the future development and innovation of the logistics market.
- Tianjin is located near Beijing, the largest and highest-quality consumer market in North China. A majority of the flow of products and materials to Beijing is through the Tianjin Port. Retail sales in both cities have been strong in recent years which is a key demand driver for the logistics industry.
- The 46 Modern Logistics Centre' Nomination in 2010 will be a driver in the development of the rural business logistics and the international and bonded logistics markets in the city.

As of Q4 2009, the overall vacancy rate for logistics facilities in Tianjin was 15%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

Although much of the interest in Tianjin's real estate investment has focused on the residential and retail sectors, the logistics sector has seen rapidly increasing activity from international and domestic investors since 2005 with the elevation of BNA to strategic development status. Mapletree and GLP hold the largest market shares of the major investors[(34)] in China.

| Modern Logistics Facilities Investors | Activities In Tianjin |
|---|---|
| AMB Property Corp | AMB owns one project in Tianjin called the AMB (Tianjin) International Logistics Centre that was constructed in 2006 and comprises 18,632 sq. m. |
| Blogis | Blogis owns one project in Tianjin called Blogis Park (Tianjin), which was completed in 2005, comprising 15 warehouses. The project is a very large project (142,000 sq. m. GFA) and includes packing zones, container storage zones. |
| GLP | GLP has three projects totalling 187,976 sq. m. GFA of logistics facilities in Tianjin:<br>GLP Park Tianjin Airport: Invested USD30 million in Tianjin Airport International Logistics Zone. Construction on the 65,499 sq. m. GFA project commenced in 2007 and was completed in 2009.<br>GLP Park Tianjin TEDA: The project consists of six warehouses of approximately 81,707 sq. m. of GFA that have been completed, and two warehouses of approximately 24,639 sq. m. of GFA under construction, which are expected to be completed by the end of 2010. The project will consist of a total of four phases at a total GFA of 131,972 sq. m. of GFA.<br>GLP Park Xiqing: The project is about 40,771 sq. m. GFA and is located in the Xiqing Economic Technological Development Area. The project was completed in 2009. |
| Mapletree | Mapletree owns two projects in Tianjin: one in the Tianjin Airport Logistic Zone, comprising about 61,000 sq. m. GFA, and the other in the Tianjin Dongjiang Free Port and has approximately 191,000 sq. m. of GFA. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

(34) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

Other logistics facilities investors include YCH Logistics and Zhongchu Group.

As of Q4 2009, average rental levels for modern mid/large scale logistics facilities for lease in Tianjin averaged RMB 24.53 psm per month. CBRE Research indicates overall rental growth from Q4 2009 to Q2 2010 of 0.4% for logistics facilities in Tianjin. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Tianjin to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross range between 8.0%-9.0%.(35)

## 7.7. Dalian

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,150 | 2,570 | 3,131 | 3,858 | 4,418 |
| Nominal GDP per capita (RMB) | 38,196 | 42,579 | 51,624 | 63,198 | 71,833 |
| Retail Sales of Consumer Goods (RMB billion) | 73.2 | 83.9 | 98.3 | 118.3 | 139.7 |
| Annual Disposable Income per capita (RMB) | 11,994.0 | 13,350.0 | 15,108.6 | 17,500.5 | 19,093.0 |
| Annual Consumer Expenditure per capita (RMB) | 9,996.0 | 10,534.0 | 12,135.0 | 14,101.4 | 15,330.0 |
| Consumer Price Index (Preceding Year =100) | 101.4 | 101.4 | 104.0 | 104.4 | 100.2 |
| Investment in Fixed Assets (RMB billion) | 71.6 | 111.0 | 147.0 | 193.1 | 251.3 |
| Foreign Direct Investment contracted (USD billion) | 4.6 | 4.8 | 5.9 | 6.0 | N/A |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 25.6 | 31.8 | 38.8 | 47.0 | 40.4 |

Source: Dalian Statistics Bureau. N/A denotes data not available.

### Logistics Facility Market Overview

The overall Dalian logistics facility industry emerged in the early 1990s with the establishment of Gezhenpu Logistics Park (1991). Through 2002, the majority of logistics facilities were traditional small-scale facilities constructed for self-use. The establishment of the Dalian Development Area (DDA) and Dalian Free Trade Zone (DFTZ) in 2002 was a boost to the logistics industry and led to a growing demand for logistics facilities in the city. In general, Dalian's logistics market remains fragmented and logistics facilities are scattered in three logistics parks: (1) Dayaowan Logistics Area in Dalian Free Trade Zone (DFTZ), (2) DDA Logistics Area and (3) Dalian Gezhenpu Logistics Park (DGLP), with DGLP being the only clearly designated logistics park. As of Q2 2010, the total GFA of mid/large-scale logistics facilities for lease in Dalian is estimated at 516,900 sq. m. The largest concentration (48.2%) of mid/large-scale logistics facilities for lease is located in DGLP, with the remainder of the existing supply located in DFTZ (39.4%) and DDA Logistics Area (12.4%). Modern mid/large-scale logistics facilities for lease are mainly concentrated in DFTZ Logistics Area (37.9%). Low quality mid/large-scale logistics facilities for lease are concentrated in DGLP (48.2%) largely due to the park being established in 1991, reflecting the age of the buildings and the park's positioning as a location for local domestic companies. Of the mid/large-scale logistics facilities for lease, 48.2% are of low quality, 42.6% are modern and the remaining 9.3% are mid quality facilities(36). Total planned land area for logistics facilities in the three main logistics areas is estimated to be 24.7 million sq. m. Of the total planned land area approximately

(35) Limited sales transactions available for the estimation of yields.

(36) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

1.72 million sq. m. has been developed as of Q2 2010. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Dalian.

Development of the logistics facility market benefits from the city's geographic features. Dalian sits at the tip of the Liaodong Peninsula, giving the city a long coastal line which is a key driver in the demand for maritime logistics activities. A major driver in the demand for logistics facilities in Dalian has been strong investment by foreign manufacturers and retailers in the city. From 2005 to 2008, contracted FDI increased at an annual rate of 9.3%. The strong investment by foreign firms has a direct impact on the logistics industry as the increasing activity of foreign companies means a greater need for logistics warehouses and services. The overall vacancy rate in Dalian for logistics properties was at 33% as of Q2 2010.

The impact of the global financial crisis and the launch of two mid/large logistics facilities for lease over the past few years have contributed to rising average vacancy rates for logistics facilities in the city. GLP Park Dalian Free Port and AMB Dalian Industrial Park Distribution Centre were launched in Q3 2008 (130,000 sm) and Q3 2009 (24,283 sm) respectively and have not had sufficient time to achieve a stabilized occupancy. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

As the development of Dalian's modern logistics sector has progressed since 2002 international investors have been increasingly attracted to the industry. Among the major investors[(37)], the only identified major investors are AMB and GLP.

| **Modern Logistics Facilities Investors** | **Activities In Dalian** |
|---|---|
| AMB Property Corp | AMB has acquired a logistics property located adjacent to the Dalian Dayaowan Port area of the DDA in 2009.<br>In August 2009, Phase 1 of the project was completed and contains 24,104 sq. m. of logistics facilities. Details related to future phases have not been announced. |
| GLP | GLP currently owns two modern logistics properties in Dalian both located in DFTZ Logistics Area:<br>• GLP Park Dayaowan is a smaller logistics property with a total building area of 33,702 sq. m. GFA and is strategically located near an automobile specialised port.<br>• GLP Park Dalian Port has a total planned area of 520,000 sq. m. GFA, being the largest container port in Northeast China. It comprises five current warehouses with a total of 144,827 sq. m. of bonded logistics facilities. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

Other logistics facilities investors include Sinotrans which largely develops small-scale low-end facilities.

The overall average rental for modern mid/large-scale logistics facilities for lease in Dalian as of Q2 2010 is RMB 27.30 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Dalian to remain flat over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the market range between 9.0%-10.0%.[(38)]

(37) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(38) Limited sales transactions available for the estimation of yields.

## 7.8. Qingdao

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,696 | 3,207 | 3,787 | 4,436 | 4,890 |
| Nominal GDP per capita (RMB) | 33,188 | 38,892 | 45,399 | 52,677 | 64,100 |
| Retail Sales of Consumer Goods (RMB billion) | 86.6 | 100.7 | 119.9 | 146.5 | 174.4 |
| Annual Disposable Income per capita (RMB) | 12,920 | 15,328 | 17,856 | 20,464 | 22,368 |
| Annual Consumer Expenditure per capita (RMB) | 9,883 | 11,945 | 13,376 | 14,999 | 16,080 |
| Consumer Price Index (Preceding Year =100) | 102.3 | 100.9 | 104.5 | 104.7 | 100.5 |
| Investment in Fixed Assets (RMB billion) | 140.3 | 148.6 | 163.5 | 201.9 | 245.9 |
| Foreign Direct Investment contracted* (USD billion) | 9.5 | 3.1 | 3.8 | 3.1 | N/A |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 330.2 | 391.1 | 457.2 | 536.4 | 448.5 |

Source: Qingdao Statistic Bureau; *Qingdao Statistics Bureau revised the method for calculating contracted FDI in 2006, resulting in the dramatic difference in the figures between 2005 and 2006. N/A denotes data not available.

### Logistics Facility Market Overview

The Qingdao logistics facility market emerged in the late 1990's with traditional logistics facilities being built by large local companies, such as Qingdao Port Group, Haier Group and Tsingtao Beer Group. The majority of logistics facilities were developed for self-use and to serve the logistics needs of local clients. Logistics facilities in the city were constructed near manufacturing areas and major infrastructure hubs, such as the airport and port areas, and has led to a concentration of logistics facilities in five areas, namely (1) Qingdao Qianwan International Logistics Park (Qianwan Zone), (2) Qingdao Bonded Port Logistics Zone (Qingdao Bonded Port), (3) Qingdao Liuting Airport Logistics Park (Airport Zone), (4) Chengyang Logistics Zone (Chengyang Zone) and (5) Jiaozhouwan International Logistics Park (Jiaozhouwan Park). As of Q2 2010, the existing supply of mid/large-scale logistics facilities for lease in Qingdao is estimated at 0.76 million sq. m. GFA. The Qingdao Bonded Port logistics zone accounted for the largest proportion of the existing supply of mid/large-scale logistics facilities for lease, with about 198,600 sq. m., or 47.4% of the total stock. Other concentrations of existing logistics facilities are in Qianwan Zone (76,572 sq. m., 18.3%), Chengyang Zone (71,949 sq. m., 17.2%) and Airport Zone (45,645 sq. m., 10.9%). The strong development in the Qingdao logistics market over the past several years has led to an increasing number of international logistics companies investing in the Qingdao logistics market. This has contributed in part to the development of a high proportion (84.5%) of modern logistics facilities for lease as compared to other cities in China. Middle and low-end logistics facilities for lease represented low proportions of the overall logistics facilities at 10.0% and 5.5% respectively.(39) In the future, an estimated land area of 3.9 million sq. m. of mid/large-scale logistics facilities for lease is expected to be developed in the main logistics centres. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Qingdao. The development of Qingdao's logistics market is mainly driven by the following factors:

- The overall economic growth of China and Qingdao in particular has been robust in recent years, spurred by strong retail sales of consumer goods, which has had an impact on demand for logistics facilities and logistics services. As a result, retailers require additional logistics services and logistics facilities to store and distribute the additional products.

- A large number of retailers and MNCs that have recently entered Qingdao, such as Tesco, Lotte, UPS, DHL and FedEx, have not only generated growing demand for logistics services but improved the overall supply-chain management and distribution capabilities of the city through the demand for more advanced facilities and logistics services. The

(39) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

sophisticated and advanced logistics services required by these retailers and distributors have led to the emergence of the 3PL market.

- Government policies focused on the logistics industry as well as related incentive policies and the improvement and construction of infrastructure is a key demand driver in the development of the city's logistics market, as it improves the accessibility and efficiency of a city's transportation network. As a host to the 2008 Olympic Regatta events, the city experienced an infrastructure construction boom, which indirectly provided a boost to the development of the logistics industry.

As of Q2 2010, the overall vacancy rate of modern logistics facilities was about 14%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

As a key port city and regional economic centre, Qingdao has attracted both domestic and international investors. In recent years, due in part to attractive government policies and robust economic growth, a growing number of domestic and international investors have invested in Qingdao's logistics facility market. Of the major investors(40), only GLP currently has existing facilities in Qingdao. In 2006, GLP signed an investment MOU with the Qingdao government to invest USD 0.15 billion in the development of logistics parks in the city. GLP currently has three modern facilities existing or under development in Qingdao totalling about 128,216 sq. m. GFA, which are located in Liuting Airport and Qianwan Port. GLP Qingdao Airport (East) is a logistics facility of 22,913 sq. m. GFA that was that was completed in 2009. GLP Qingdao Airport (West) is a logistics property comprising seven buildings with a total GFA of 82,937 sq. m. that was purchased by GLP in 2007. An additional three warehouses are expected to be completed in the future. GLP Park Qianwan Port is a logistics property to be developed in the future with a site area 230,301 sq. m. consisting of two phases (115,000 sq. m. GFA). Yupei has a future project, Qingdao Yuhang Land Logistics & Distribution Centre (160,000 sq. m. GFA), to be completed by 2012. Other logistics facilities investors include China Merchants Logistics (CML) and SINOTRANS Air Transportation (SinoAir).

As of Q2 2010, the average rental of modern mid/large-scale logistics facilities for lease reached RMB 23.49 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Qingdao to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields range between 8.5%-9.5%.(41)

## 7.9. Foshan

| | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,429 | 2,984 | 3,660 | 4,378 | 4,815 |
| Nominal GDP per capita (RMB) | N/A | N/A | N/A | N/A | 80,579 |
| Retail Sales of Consumer Goods (RMB billion) | 64.8 | 77.6 | 94.7 | 117.8 | 142.9 |
| Annual Disposable Income per capita (RMB) | 17,424 | 18,894 | 21,754 | 22,494 | 24,578 |
| Annual Consumer Expenditure per capita (RMB) | 14,314 | N/A | 18,469 | 17,553 | 19,296 |
| Consumer Price Index (Preceding Year =100) | 101.7 | 101.7 | 103.7 | 104.9 | 98.4 |
| Investment in Fixed Assets (RMB billion) | 75.7 | 91.0 | 109.0 | 125.9 | 147.1 |
| Foreign Direct Investment contracted (USD billion) | 1.55 | 1.77 | 2.66 | 2.27 | 1.01 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 257.1 | 309.8 | 378.5 | 422.1 | 383.4 |

Source: Foshan Statistics Bureau; The figures in value terms are calculated at current prices; *Figures of 2009 are provisional; Figures for 2005-2008 have been adjusted according to the result of Economic Census. The adjusted GDP per capita figures for 2005-2008 are not available. N/A denotes data not available.

(40) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(41) Limited sales transactions available for the estimation of yields.

## Logistics Facility Market Overview

Foshan has several science and technology industrial parks where logistics warehouses are scattered around the city's industrial parks and logistics parks. Two major logistics parks include **(1) Nanhai Sanshan International Logistics Park** and **(2) Shunde Science and Technology Industrial Park**. As of Q4 2009, there is about 1.02 million sq. m. GFA of mid/large-scale logistics facilities for lease in Foshan. The largest concentration of this existing supply of mid/large-scale logistics facilities for lease is in Shunde district (55.2%) and Nanhai district (36.6%) where two major logistics parks are situated. Within the mid/large-scale logistics stock, it is estimated that around 23.1% of the space for lease in Foshan are of modern, 61.6% of are middle quality space, while 15.3% are of low quality[(42)].

The demand for logistics facilities in Foshan is mainly driven by the fast growing domestic economy and the opening up of distribution market following China's entry into the WTO. The emergence of the 3PL logistics market is expected to create demand for modern logistics facilities in Foshan. Other drivers include:

- The improved infrastructure as a result of the co-hosting of the 16th Asian Games with Guangzhou in November 2010 is expected to draw logistics demand in the longer term.

- Following the Guangzhou-Foshan unification plan aims to integrate the two cities starting with the integration of urban planning and transportation infrastructure, the logistics sector in Foshan is expected to benefit from the logistics and ports facilities in Guangzhou.

As of Q4 2009, the overall vacancy rate of mid/large scale logistics facilities for lease was about 3%, with most of the mid/large-scale logistics facilities for lease in Foshan fully occupied. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

Of the major investors[(43)] in China, only GLP currently has facilities in Foshan. GLP owns logistics facilities within Sanshan International Logistics Park and Shunde Science and Technology Industrial Park in Foshan totalling about 126,727 sq. m. GFA. Another major logistics facilities provider is Keppel Logistics, which owns a total area of 40,000 sq. m. warehousing spaces within the port area.

Sales and rental transactions of mid/large-scale logistics facilities for lease are limited in Foshan. As of Q4 2009, average asking rental levels for modern mid/large-scale logistics facilities for lease were recorded at RMB 23.06 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Foshan to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the market range between 9.0%-10.0%.[(44)]

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(42) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

(43) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(44) Limited sales transactions available for the estimation of yields.

## 7.10. Shenyang

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,084 | 2,483 | 3,074 | 3,861 | 4,359 |
| Nominal GDP per capita (RMB) | 29,935 | 35,940 | 43,499 | 54,106 | 55,816 |
| Retail Sales of Consumer Goods (RMB billion) | 91.5 | 104.9 | 123.2 | 150.6 | 177.9 |
| Annual Disposable Income per capita (RMB) | 10,098 | 11,651 | 14,607 | 17,295 | 18,560 |
| Annual Consumer Expenditure per capita (RMB) | 7,863 | 8,670 | 11,256 | 14,667 | 16,448 |
| Consumer Price Index (Preceding Year =100) | 100.7 | 101.8 | 104.5 | 104.4 | 99.9 |
| Investment in Fixed Assets (RMB billion) | 136.3 | 179.0 | 236.2 | 300.9 | 367.6 |
| Foreign Direct Investment contracted (USD billion) | 6.2 | 8.5 | 12.9 | 10.3 | 12.1 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 45.9 | 52.9 | 60.7 | 71.3 | 65.7 |

Source: Shenyang Statistical Bureau, Shenyang Statistical Yearbook; *The income and expenditure data is for urban residence

### Logistics Facility Market Overview

Prior to 2003, the majority of logistics facilities in Shenyang was traditional small-scale logistics facilities typically built for self-use. The modern logistics market in Shenyang began to emerge in 2003 in the wake of a large scale transition in the logistics industry, propelled by the Revitalize Northeast China Plan. Since then, the development of logistics facilities in the city has been concentrated in four major logistics areas are (1) Shenyang Economic Development Area (SEDA) Logistics Area, (2) Shenbei Logistics Area, (3) Hunnan Logistics Area and (4) Dadong Auto Logistics Area. As of Q4 2009, the existing supply of mid/large scale logistics facilities for lease in Shenyang is estimated at 1.2 million sq. m. GFA. The largest concentration of mid/large scale logistics facilities for lease is in SEDA logistics area (22.9%). The district enjoys strong logistics demand from the manufacturing sector. The only bonded logistics facility in Shenyang is also located in SEDA. Other concentrations of existing mid/large scale logistics facilities for lease are in Dadong auto logistics area (17.8%), Shenbei logistics area (11.6%) and Hunnan logistics area (15.0%). The quality of mid/large scale logistics facilities for lease in Shenyang is concentrated at the low and middle end of the market, which combined represent (84.2%) of total logistics space.[(45)] To meet the requirements of the growing presence of international manufacturing companies, the overall proportion of middle and modern logistics facilities is expected to expand as the quality of the future supply is expected to be built at a higher quality than that of existing supply. Total planned GFA for logistics facilities in Shenyang in the four main logistics zones is estimated to be 1.04 million sq. m. Of the total planned GFA, approximately 0.57 million sq. m. in the four main logistics zones has been developed as of Q4 2009, with another 0.47 million sq. m. of future supply. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Shenyang. As of Q4 2009, the overall vacancy rate of mid/large scale logistics facilities for lease in Shenyang was 10%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities.

Most major investors in Shenyang's logistics market have been local private and state owned developers as well as companies developing logistics facilities for self-use. Of the major investors[(46)] identified in China, only GLP currently has facilities in Shenyang. GLP Park SEDA is a logistics project in the SEDA Logistics Area that is expected to comprise a total of about 55,355 sq. m. of logistics facilities, of which about 18,090 sq. m. of GFA has been developed. Other logistics facilities investors include China Merchants Logistics (CML), Sinotrans Ltd and COSCO.

As of Q4 2009, the rental rate for modern mid/large scale logistics facilities for lease in

(45) The figure for modern logistics facilities only represents the proportion of mid/large scale logistics facilities for lease and is not representative of the proportion of total logistics facilities in the city, which is likely to be much lower.

(46) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

Shenyang was recorded at RMB 21.03 psm per month. CBRE Research indicates overall rental growth from Q4 2009 to Q2 2010 of 1.6% for logistics facilities in Shenyang. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Shenyzng to increase over the next 12 months. Based upon limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields range between 8.5%-9.5%.(47)

## 7.11. Nanjing

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,411 | 2,774 | 3,284 | 3,775 | 4,230 |
| Nominal GDP per capita (RMB) | 34,954 | 38,575 | 44,297 | 50,327 | 55,290 |
| Retail Sales of Consumer Goods (RMB billion) | 100.5 | 116.7 | 138.0 | 165.2 | 196.2 |
| Annual Disposable Income per capita (RMB) | 14,997 | 17,538 | 20,317 | 23,122 | 25,504 |
| Annual Consumer Expenditure per capita (RMB) | 10,704 | 12,234 | 13,278 | 15,133 | 16,339 |
| Consumer Price Index (Preceding year = 100) | 102.1 | 101.7 | 103.7 | 106.2 | 100.1 |
| Investment in Fixed Assets (RMB billion) | 140.3 | 161.4 | 186.8 | 215.4 | 266.8 |
| Foreign Direct Investment contracted (USD billion) | 2.6 | 3.1 | 3.8 | 4.5 | 4.6 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 270.9 | 315.3 | 362.0 | 405.9 | 337.5 |

Source: Nanjing Municipal Bureau Statistics

### Logistics Facility Market Overview

Three major logistics parks exist in Nanjing and they are all strategically located near major transportation infrastructure networks, namely, (1) Nanjing Longtan Logistics Park, (2) Nanjing Lukou Airport Logistics Park and (3) Nanjing Wangjiawan/Ding Village Logistics Park. As of Q3 2009, the total GFA of mid/large scale logistics facilities for lease in Nanjing is estimated at 1.2 million sq. m. The largest proportions of mid/large scale logistics facilities for lease are located in Jiangning District (49.6%) and Qixia District (38.3%). The proportion of existing mid/large scale logistics facilities for lease in the major logistics areas is 9.9% in Nanjing Longtan Logistics Park, 13.7% in the Nanjing Airport Logistics Park and 14.9% in Nanjing Wangjiawan/Ding Village Logistics Park. The composition of logistics facilities by park grade is concentrated in middle (40.9%) and low (32.5%) space.(48) Total planned land area for logistics facilities in Longtan Logistics Base, Lukou Airport Logistics Park and Ding Village Logistics Park is about 15.0 million sq. m., of which, as of Q3 2009, a total land area of 1.4 million sq. m. has been developed. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Nanjing.

The major investors in logistics parks in Nanjing are national and local state-owned companies. Among the major investors(49) identified, only GLP has existing logistics facilities in the Nanjing market. GLP Park Jiangning is located within the Nanjing Jiangning Economic and Technological Development Zone (NJNDZ), and adjacent to the Nanjing Lukou International Airport, with immediate access to the airport and city roadway network. There exists 45,878 sq. m. of logistics facilities that have been developed in GLP Park Jiangning. Other logistics facilities investors include Sinotrans Jiangsu, Nanjing Yuanfang Logistics Group and Nikkon Logistics.

As of Q3 2009, the average rental rate of modern mid/large scale logistics facilities for lease was RMB 18.34 psm per month. Based upon CBRE Research, rental levels in Nanjing edged slightly

(47) Limited sales transactions available for the estimation of yields.

(48) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

(49) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

lower at an overall rate of 1.8% from Q3 2009 to Q2 2010. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Nanjing to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields range between 9.0%-10.0%.(50)

### 7.12. Wuxi

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,804.7 | 3,300.6 | 3,858.5 | 4,419.5 | 4,992.0 |
| Nominal GDP per capita (RMB) | 50,985 | 57,709 | 65,203 | 73,053 | 81,151 |
| Retail Sales of Consumer Goods (RMB billion) | 82.4 | 96.0 | 113.5 | 139.1 | 165.1 |
| Annual Disposable Income per capita (RMB) | 16,005 | 18,189 | 20,898 | 23,605 | 25,027 |
| Annual Consumer Expenditure per capita (RMB) | 10,774 | 11,372 | 12,257 | 13,563 | 15,619 |
| Consumer Price Index (Preceding year = 100) | 102.0 | 101.7 | 103.8 | 105.1 | 99.5 |
| Investment in Fixed Assets (RMB billion) | 133.6 | 147.5 | 167.4 | 187.7 | 238.8 |
| Foreign Direct Investment contracted (USD billion) | 7.8 | 8.1 | 5.7 | 4.8 | 4.1 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 291.9 | 391.8 | 511.5 | 560.3 | 439.5 |

Source: Wuxi Municipal Bureau Statistics

### Logistics Facility Market Overview

The logistics facility industry in Wuxi emerged with the development of the Wuxi New District (WND) in 1992 (Formerly named the Wuxi High-tech Industrial Development Zone). From 1992 to 2003, the majority of logistics facilities was traditional small-scale space constructed for self-use. Since 2003, with the construction of the Jiangyin Yangtze River Comprehensive Logistics Park, the development of modern logistics industry has increased rapidly due to the city's robust economic growth and favourable government policies. Key logistics parks include: (1) Wuxi West Station Logistics Park, (2) Jiangyin Yangtze River Comprehensive Logistics Park and (3) Wuxi Airport Logistics Park. As of Q2 2010, the total GFA of mid/large-scale logistics facilities for lease in Wuxi was about 0.68 million sq. m. GFA. The majority of existing mid/large-scale logistics facilities for lease (84.5%) is located in WND, while the remaining 15.5% is located in Xishan district. The large proportion of existing mid/large-scale logistics facilities located in WND can be attributed to the district's close proximity to transportation infrastructure, such as the Huning railway, Wuxi Shuofang Airport and Huning expressway. The quality of mid/large-scale logistics facilities for lease in Wuxi is fairly evenly dispersed with low-end logistics facilities representing 38.8% of total existing supply, modern representing 36.7% and mid quality at 24.5% of the total.(51) Relating to future supply, as of Q2 2010, total planned land area of logistics facilities in Wuxi is about 1.68 million sq. m., of which 0.56 million sq. m. has been developed. The future development of mid/large-scale logistics facilities for lease in Wuxi over the long term is anticipated to occur based upon demand for logistics facilities in the market. As of Q2 2010, the overall vacancy rate for mid/large-scale logistics facilities for lease in Wuxi was about 14%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

(50) Limited sales transactions available for the estimation of yields.

(51) The proportion of modern logistics facilities is not representative of the actual proportion of modern logistics facilities, as the figure only represents the proportion of mid/large-scale logistics facilities for lease but not the total logistics facilities in the city.

The major investors of logistics facilities in Wuxi are state-owned companies, private enterprises as well as a few well established large international investors. Among the investors[52] identified in China, only Mapletree and GLP have existing facilities in the city's logistics market.

| Modern Logistics Facilities Investors | Activities In Wuxi |
|---|---|
| GLP | GLP has one logistics facility in Wuxi namely the GLP Park WND which was developed in 2009. The Park is located adjacent to the Wuxi Shuofang Airport and expressway network. The Park covers a land area of 80,000 sq. m. and consists of two warehouse facilities with total GFA of about 39,365 sq. m. |
| Mapletree | Mapletree has a logistics development in WND located nearby the GLP Park WND on a land area of 68,000 sq. m. with a total GFA of 45,000. Construction on the logistics development was completed in December 2008. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

Other major logistics facilities investors include Sumisho from Japan, Wuxi New District Economic Development Group (WEDG) and Sinotrans Jiangsu. As of Q2 2010, the average modern rental level for major logistics park in Wuxi is about RMB 19.86 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Wuxi to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields range between 9.0%-10.0%.[53]

## 7.13. Jiaxing

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 1,160 | 1,347 | 1,585 | 1,815 | 1,918 |
| Nominal GDP per capita (RMB) | 34,706 | 40,206 | 47,157 | 53,696 | 56,477 |
| Retail Sales of Consumer Goods (RMB billion) | 37.4 | 43.0 | 50.1 | 60.0 | 69.4 |
| Annual Disposable Income per capita (RMB) | 16,189 | 17,828 | 20,128 | 22,481 | 24,693 |
| Annual Consumer Expenditure per capita (RMB) | 11,200 | 12,806 | 14,881 | 17,736 | 20,445 |
| Consumer Price Index (Preceding year = 100) | 101.5 | 101.2 | 103.7 | 105.2 | 99.1 |
| Investment in Fixed Assets (RMB billion) | 703.5 | 800.3 | 900.0 | 1,007 | 1,233.3 |
| Foreign Direct Investment contracted (USD billion) | 2.5 | 2.6 | 3.5 | 2.3 | 2.6 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 99.2 | 126.5 | 161.1 | 198.3 | 172.1 |

Source: Jiaxing Statistics Bureau

### Logistics Facility Market Overview

The logistics facility market in Jiaxing comprises two main categories; small scale traditional logistics parks and modern logistics parks. The majority of existing logistics facilities in Jiaxing are traditional small scale logistics parks lacking the integration of modern logistics technology and mainly serve local clients. Since 2007, however, two non-bonded modern logistics park/zone have been developed, namely (1) Jiaxing Modern Logistics Park (JXMLP) and (2) Jiaxing Economic and Technological Development Zone (JXEDZ). As of Q2 2010, the total GFA of mid/large scale logistics facilities for lease in Jiaxing is estimated at 165,650 sq. m. on a land area of 0.67 million sq. m.[54] As there are only two major logistics parks, the existing supply of mid/large scale logistics facilities for lease is almost completely contained within these parks with 40.4% of the existing supply in JXMLP and 53.6% in JXEDZ. The remaining 6.0% of the

(52) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(53) Limited sales transactions available for the estimation of yields.

(54) The GFA of small scale logistics facilities is not included in the existing supply figure because these facilities typically are for self-use.

existing supply is located in Xiuzhou district and Jiashan county. JXMLP has existing logistics facilities GFA of 67,000 sq. m. that is owned by two logistics facilities investors; AMB (24,000 sm) and Gazeley (43,000 sm). As of Q3 2009, AMB has leased 15,000 sq. m. of the company's total logistics facilities in JXMLP. JXEDZ has total logistics facilities of 83,750 sq. m. of GFA. The quality of mid/large scale logistics facilities for lease in Jiaxing is concentrated in the low (56.5%) and modern (40.4%) logistics facilities categories. Very limited logistics facilities (3.0%) in Jiaxing are of mid quality.[55] Total planned land area for logistics facilities in Jiaxing in the three main logistics zones is estimated to be 8.3 million sq. m. Of the total planned land area, approximately 0.67 million sq. m. in the major logistics zones has been developed as of Q2 2010. In addition, two major logistics parks, the Jiaxing Bonded Logistics Park and Binhai Logistics Park, will be developed in the future and will be located to the east of the city centre area. The two logistics parks are expected to comprise a total land area of 3.33 sq km which are in line with the government planning and policies for Jiaxing to emerge as a strong player in the logistics network of YRD. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Jiaxing.

Vacancy in the majority of mid/large scale logistics facilities for lease is low with the majority of the logistics facilities leased. Overall vacancy rates for mid/large scale logistics facilities for lease Jiaxing were 12% as of Q2 2010. The vacancy rate was impacted by the launch of the AMB logistics warehouse launched in May 2009 that as of Q2 2010 had a vacancy rate of 37%. The relatively high vacancy rate of the project is largely attributed to a lack of sufficient time to achieve a stabilised occupancy. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

The emergence of the modern logistics market in 2007 has begun to attract international investors. Only two of the major investors[56] have existing logistic facilities in Jiaxing.

| **Modern Logistics Facilities Investors** | **Activities In Jiaxing** |
|---|---|
| AMB Property Corp | AMB plans to develop a logistics centre with a total land area of about 133,062 sq. m. over two phases in Jiaxing Modern Logistics Park. Phase I, a 24,600 sq. m. single story logistics facility, was completed in May 2009 and includes 802 sq. m. of office space. The planned Phase II is estimated to contain 48,108 sq. m. of logistics facilities and a built-to-suit facility to be constructed later based upon market demands. |
| GLP | GLP has future logistics facility projects in the following locations:<br>• GLP Park Xiuzhou is located in the Jiaxing Modern Logistics Park and has a total GFA of 59,499 sq. m., of which 39,666 sq. m. has been reserved for future development.<br>• GLP Park Jiashan is a two phase logistics park, with an estimated total GFA of 69,081 sq. m. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

Rental levels for modern mid/large scale logistics facilities for lease as of Q2 2010 averaged about RMB 21.00 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Jiaxing to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the market range between 9.0%-10.0%.[57]

(55) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

(56) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(57) Limited sales transactions available for the estimation of yields.

## 7.14. Hangzhou

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,943 | 3,442 | 4,100 | 4,781 | 5,099 |
| Nominal GDP per capita (RMB) | 44,853 | 51,878 | 61,258 | 70,832 | 74,924 |
| Retail Sales of Consumer Goods (RMB billion) | 97.5 | 111.2 | 129.6 | 155.8 | 180.5 |
| Annual Disposable Income per capita (RMB) | 16,601 | 19,027 | 21,689 | 24,104 | 26,846 |
| Annual Consumer Expenditure per capita (RMB) | 13,438 | 14,427 | 14,896 | 16,719 | 18,595 |
| Consumer Price Index (Preceding year = 100) | 100.3 | 100.2 | 103.1 | 104.9 | 98.6 |
| Investment in Fixed Assets (RMB billion) | 138.7 | 146.1 | 168.4 | 198.1 | 229.2 |
| Foreign Direct Investment contracted (USD billion) | 4.0 | 5.4 | 5.5 | 6.2 | 7.0 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 298.7 | 389.1 | 434.3 | 480.7 | 404.2 |

Source: Hangzhou Statistics Bureau

### Logistics Facility Market Overview

The establishment of the two state level industrial zones, Hangzhou Economic & Technological Development Area (HEDA) and Xiaoshan Economic & Technological Development Area (XETZ) in 1993 marked the overall emergence of the logistics facility market in Hangzhou. Since then, the development of logistics facilities in the city has been largely concentrated in HEDA and in particular Xiasha Logistics Park. As of Q2 2010, the total GFA of mid/large-scale logistics facilities for lease is estimated at 1.6 million sq. m. on a land area of 2.8 million sq. m. The majority of the existing supply of mid/large-scale logistics facilities for lease is contained within HEDA at 1.1 million sq. m. GFA (66.9% of total). XETZ only accounts for 4.1% of the mid/large-scale logistics facilities for lease and the remaining 29.0% of the existing supply of mid/large-scale logistics facilities for lease is located in Xiaoshan and Yuhang districts. As of Q2 2010, Xiasha Military Distribution Centre is the largest logistics area in HEDA, comprising about 870,000 sq. m. GFA or 54.4% of the mid/large-scale logistics facilities for lease GFA in Hangzhou. The quality of the mid/large-scale logistics facilities for lease in Hangzhou is concentrated in the low (73.8%) and mid quality (18.9%) logistics facilities categories. Very limited supply of mid/large-scale logistics facilities for lease (7.2%) in Hangzhou is of modern[(58)]. Future development of logistics facilities is expected to be focused on modern facilities in line with the government Hangzhou Modern Logistics Planning (HZMLP) to attract an increasing number of international companies and strengthen Hangzhou as a regional logistics hub in YRD. Total planned land area for mid/large-scale logistics facilities for lease in Hangzhou in the two main logistics zones is estimated to be 14.2 million sq. m. Of the total planned land area approximately 2.8 million sq. m. in the major logistics zones has been developed as of Q2 2010. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in Hangzhou. As of Q2 2010, overall vacancy rates for mid/large-scale logistics facilities for lease were estimated at 3%. Based upon CBRE’s market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

The majority of mid/large-scale logistics facilities for lease in Hangzhou have been developed by companies for self-use; however, international and domestic investors have invested in the Hangzhou market. Amongst the major investors[(59)] identified in the China logistics market, only GLP currently has facilities in Hangzhou. GLP Park HEDA has a total planned land area of 176,139 sq. m., including the development of two phases. GLP Park HEDA has five logistics warehouses consisting of a total GFA of 84,589 sq. m. There is one additional logistics warehouse under construction with a GFA of 14,365 sq. m.

(58) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

(59) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

As of Q2 2010, rental levels for modern mid/large-scale logistics facilities for lease were RMB 23.40 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Hangzhou to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the market range between 9.0%-10.0%.[60]

### 7.15. Ningbo

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 2,449 | 2,874 | 3,435 | 3,964 | 4,215 |
| Nominal GDP per capita (RMB) | 44,156 | 51,460 | 61,067 | 69,997 | 73,998 |
| Retail Sales of Consumer Goods (RMB billion) | 75.9 | 88.3 | 103.6 | 123.8 | 143.4 |
| Annual Disposable Income per capita (RMB) | 17,408 | 19,674 | 22,307 | 25,304 | 27,368 |
| Annual Consumer Expenditure per capita (RMB) | 11,758 | 12,666 | 13,921 | 16,379 | 18,203 |
| Consumer Price Index (Preceding Year =100) | 120.0 | 101.9 | 103.9 | 105.0 | 99.4 |
| Investment in Fixed Assets (RMB billion) | 133.6 | 150.3 | 159.8 | 172.8 | 200.4 |
| Foreign Direct Investment contracted (USD billion) | 4.2 | 4.4 | 4.5 | 4.1 | 3.4 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 334.9 | 422.1 | 565.0 | 678.4 | 608.1 |

Source: Ningbo Statistics Bureau

### Logistics Facility Market Overview

The logistics facility market in Ningbo emerged in 1992 with the establishment of the Ningbo Free Trade Zone (NFTZ); however, logistics facilities were limited mainly to container yards and low quality warehouses. Ningbo's modern logistics market has grown steadily since 2001 and the majority of existing logistics facilities (78.9%) is concentrated in two economic zones; the Ningbo Economic and Technological Development Zone (NETDZ) and the Ningbo Free Trade Zone (NFTZ). Due to the fragmented nature of the logistics industry, the proportion of logistics facilities in individual logistics parks does not constitute a significant proportion of the city's overall logistics space. Major logistics parks in Ningbo include: (1) Beilun Modern International Logistics Park (BLP) located in NETDZ, (2) Ningbo Bonded Logistics Park (NBLP) in NFTZ and (3) Ningbo Airport Logistics Park. As of Q2 2010, the existing supply of mid/large scale logistics facilities for lease in Ningbo is estimated at 0.55 million sq. m. GFA, with a significant portion of existing mid/large-scale logistics facilities for lease located within the three major logistics parks; Airport Logistics Park (18.1%), NBLP (17.3%) and BLP (5.1%). Due to the recent launch of the BLP, the existing supply of mid/large-scale logistics facilities for lease within BLP is somewhat limited. Future development of BLP will be significant and is expected to increase the proportion of the park compared to the overall GFA. Beilun district accounts for the majority (81.9%) of existing mid/large scale logistics facilities for lease due largely to the Ningbo Port, NETDZ and NFTZ being located within the district boundaries. In the future, an estimated land area of 4.3 million sq. m. for mid/large scale logistics facilities for lease is expected to be developed in the main logistics centres. Future development of mid/large scale logistics facilities for lease in these zones over the long term is anticipated to progress based upon market demand for logistics facilities in Ningbo. Overall vacancy rates for mid/large scale logistics facilities for lease in Ningbo as of Q2 2010 were 5%. Based upon CBRE's market knowledge, vacancy rates in modern logistics facilities tend to be lower than the overall average vacancy rate for logistics facilities in the city.

Major investors in the Ningbo market have been local developers; however, a greater number of international investors are being attracted to the Ningbo logistics market. Typical investment from foreign firms has been in the form of joint ventures, Hong Kong based companies or large well-established international logistics developers, including Blue Dragon (Maersk JV), China Container Logistics (UPS JV), Asia Hongda (Hong Kong) Co., Ltd, AMB and GLP. Of the major

(60) Limited sales transactions available for the estimation of yields.

investors[61] identified, AMB has established logistics facilities in Ningbo and GLP has two upcoming projects.

| Modern Logistics Facilities Investors | Activities In Ningbo |
|---|---|
| AMB Property Corp | The AMB Ningbo logistics area was completed in 2008 and has a total GFA of 36,472 sq. m. |
| GLP | Currently GLP has two projects under construction (1) GLP Park Beilun in the Ningbo Economic & Technological Development Zone, covering a land area of 115,700 sq. m. with a planned GFA of 65,282 sq. m. to be completed by Sep 2011; (2) GLP Park Hangzhou Bay (expected completion Nov 2011) located in the Hangzhou Bay New District and has a planned GFA of 63,473 sq. m. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

Rental levels of modern mid/large scale logistics facilities for lease as of Q2 2010 averaged RMB 24.48 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Ningbo to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the market range between 9.0%-10.0%.[62]

### 7.16. Chengdu

| | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|---|---|---|---|---|
| GDP (RMB 100 million) | 2,371 | 2,750 | 3,324 | 3,901 | 4,503 |
| GDP per capita (RMB) | 22,139 | 24,923 | 30,006 | 34,873 | 39,510 |
| Retail Sales of Consumer Goods (RMB billion) | 100.589 | 115.53 | 135.72 | 162.19 | 195.00 |
| Annual Disposable Income per capita (RMB) | 11,358 | 12,789 | 14,849 | 16,943 | 18,659 |
| Annual Consumer Expenditure per capita (RMB) | 9,642 | 10,294 | 11,703 | 12,850 | N/A |
| Consumer Price Index (Preceding year = 100) | 102.3 | 101.8 | 105.2 | 104.3 | 100.3 |
| Investment in Fixed Assets (RMB billion) | 145.9 | 189.8 | 239.0 | 299.4 | 402.6 |
| Foreign Direct Investment contracted (USD billion) | 1.45 | 2.05 | 3.42 | 5.06 | N/A |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 45.4 | 69.5 | 95.2 | 154.1 | 178.6 |

Source: Chengdu Statistics Bureau'; * Figures for 2009 are provisional; N/A denotes data not available.

### Logistics Facility Market Overview

There are four major logistics parks: (1) Chengdu International Aviation Logistics Park, (2) Chengdu International Container Logistics Park, (3) Qingbaijiang Logistics Park and (4) Xinjin Logistics Parks and four major logistics centres: (1) Longquan Logistics Centre, (2) Xindu Logistics Centre, (3) Shuangliu Logistics Centre and (4) Chengdu Bonded Logistics Centre. As of Q1 2010, the existing supply of mid/large-scale logistics facilities for lease in Chengdu was estimated at 1.8 million sq. m. Due to the proximity to the railway station in the north and airport in the southwest, the existing stock was mainly located in Chenghua District (33.8%), Xindu District (20.2%), Shuangliu District (13.0%). Among the existing mid/large-scale logistics facilities for lease, GFA of modern and middle quality logistics facilities were estimated at 533,000 sq. m. and 455,000 sq. m. respectively, accounting to 29.3% and 25.0% of the total[63]. The market was generally dominated by low-end logistics facilities with GFA of 832,790 sq. m. (45.7% of total). From 2006, the supply of modern logistics facilities increased significantly. Particularly in 2009, Chengdu has been proposed to establish a logistics hub in the

(61) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(62) Limited sales transactions available for the estimation of yields.

(63) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

western China region, and Chengdu has received industrial transfer from the eastern coastal region so that the annual supply of modern logistics facilities reached 344,800 sq. m. In the coming few years (until 2013), the future supply of mid/large-scale logistics facilities for lease is estimated at 0.69 million sq. m. with the majority of future supply expected to be located in Shuangliu District, Longquanyi District and Wuhou District High-tech Park.

Currently, only Blogis and GLP have existing facilities in the Chengdu logistics market(64).

| Modern Logistics Facilities Investors | Activities In Chengdu |
|---|---|
| Blogis | Blogis currently has about 65,000 sq. m. logistics facilities in Xindu Logistics Park, Xindu District which commenced operation in 2009. |
| GLP | GLP currently has about 29,694 sq. m. logistics facilities in Hi-Tech Industrial Development Zone (West), Pixian County, which commenced operation in 2009. |

Source: Company websites; various news sources; CBRE estimates based on available information (as of Q2 2010).
*Including warehouses but excluding factories.

Other logistics facilities investors include China Merchant Logistics, Yuancheng Logistics, China Logistics, Transfar Logistics, Richland Holdings, Kerry Logistics, Zenith Logistics, AG, Xinjie Logistics, China Post and Sinotran.

Average rental levels for modern mid/large-scale logistics facilities for lease as of Q1 2010 were RMB 21.00 psm per month. CBRE Research indicates overall rental growth from Q1 2010 to Q2 2010 of 0.5% for logistics facilities in Chengdu. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Chengdu to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the market range between 8.5%-9.5%.(65)

## 7.17. Chongqing

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| GDP (RMB 100 million) | 3,070 | 3,452 | 4,123 | 5,097 | 6,529 |
| GDP per capita (RMB) | 10,978 | 12,437 | 14,622 | 18,025 | 22,916 |
| Retail Sales of Consumer Goods (RMB billion) | 121.6 | 140.4 | 166.1 | 206.4 | 247.9 |
| Annual Disposable Income per capita (RMB) | 10,244 | 11,570 | 13,715 | 14,368 | 15,749 |
| Annual Consumer Expenditure per capita (RMB) | 8,623 | 9,399 | 10,876 | 12,269 | 13,350 |
| Consumer Price Index (Preceding Year =100) | 100.8 | 102.4 | 104.7 | 105.6 | 98.4 |
| Investment in Fixed Assets (RMB billion) | 200.6 | 245.2 | 316.2 | 404.5 | 531.8 |
| Foreign Direct Investment contracted (USD billion) | 0.70 | 0.88 | 1.22 | 2.74 | 4.05 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 42.9 | 54.7 | 74.4 | 95.2 | 77.1 |

Source: Chongqing Statistics Bureau

### Logistics Facility Market Overview

Currently approximately 85% of the mid/large-scale logistics facilities for lease in Chongqing are located in (1) Qiezixi Industrial Park in Dadukou District, (2) Jiulong Port and Hi-tech Industrial Development Zone in Jiulongpo District, (3) Cuntan Port in Jiangbei District and (4) Jiangbei Airport Logistics Base in Yubei District. As of Q2 2010, the total GFA of the existing supply of mid/large-scale logistics facilities for lease in Chongqing were estimated to be 1.1 million sq. m., which are mainly located in Jiangbei District, Economic and Technological Development Zone (Yubei District), Jiulongpo District and Dadukou District, accounting for 83% of total. It is due to the proximity to the railway station, port, airport and major industrial

(64) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(65) Limited sales transactions available for the estimation of yields.

parks, such as Chongqing Export Processing Zone (CEPZ), Airport Industrial Park and Qiezixi Industrial Park. The majority of space was launched after 2004, representing 68% of total. Among the existing supply of mid/large-scale logistics facilities for lease, modern logistics facilities are estimated to account for 48% of the total supply[(66)]. The proportion of middle-end and low-end segments were 25% and 27% respectively. According to the Chongqing's Plan for Adjustment and Rejuvenation of Logistics Industry, 'Three Bases and Four Port Areas' with a total land area of logistics facilities of 161.9 sq km are planned to become the major logistics hubs in Chongqing and will be fully developed by 2020. Future development of mid/large-scale logistics facilities for lease in these zones will is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in the city.

Amongst the major investors[(67)], only GLP currently has facilities in Chongqing. GLP owns modern logistics facilities in Chongqing Export Processing Zone (part of Economic and Technological Development Zone in Yubei District), with a total GFA of 18,687 sq. m.

As of Q2 2010, the average rental level of modern mid/large-scale logistics facilities for lease in Chongqing was RMB 21.33 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Chongqing to increase over the next 12 months. Based upon a limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the range between 8.5%-9.5%.[(68)]

### 7.18. Zhuhai

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Nominal GDP (RMB 100 million) | 635.5 | 746.5 | 894.8 | 997.2 | 1,037.7 |
| Nominal GDP per capita (RMB) | 45,300 | 52,100 | 61,600 | 67,900 | 69,800 |
| Retail Sales of Consumer Goods (RMB billion) | 22.0 | 25.6 | 30.1 | 36.0 | 41.4 |
| Annual Disposable Income per capita (RMB)* | 18,908 | 17,671 | 19,290 | 20,949 | 22,859 |
| Annual Consumer Expenditure per capita (RMB)* | 14,324 | 14,426 | 17,422 | 16,517 | 17,948 |
| Consumer Price Index (Preceding Year = 100) | 102.2 | 101.5 | 104.0 | 104.6 | 97.0 |
| Investment in Fixed Assets (RMB billion) | 21.85 | 25.72 | 34.51 | 37.23 | 41.05 |
| Foreign Direct Investment contracted (USD billion) | 2.29 | 2.47 | 2.52 | 1.45 | 0.459 |
| Total Value of Foreign Trade – Imports & Exports (USD 100 million) | 257.3 | 328.17 | 398.69 | 468.36 | 374.40 |

Source: Zhuhai Statistics Year Books; * Figures of those in urban area of the city

**Logistics Facility Market Overview**

At present, (1) Aviation Industrial Zone, (2) Zhuhai Free Trade Zone and (3) Zhuhai-Macao Cross-Border Industrial Zone have incorporated logistics activities including processing, logistics and storage, commodity wholesale & retailing. In addition to these existing zones, there are six logistics zones and two logistics centres which are under planning by Government. They are: (1) Harbour Logistics Zone, (2) Hongwan Free Trade Logistics Zone, (3) Aviation Logistics Zone, (4) Wanshangang Logistics Zone, (5) Qianshan Logistics Zone, (6) Doumen Logistics Zone, (7) Shangchong Logistics Centre, and (8) Jinding Logistics Centre. Future development of mid/large-scale logistics facilities for lease in these zones is expected to take place over the long term and is anticipated to progress based upon market demand for logistics facilities in the city.

Investment activities of the logistics sector in Zhuhai from international investors is less strong when compared to other first-tier cities in China such as Guangzhou, Shanghai and Beijing. At

(66) The actual proportion of modern logistics facilities in the city is likely lower than the figure suggests, as the figure only considers mid/large logistics facilities and not the total supply of existing logistics facilities.

(67) Based on the major investors listed in Section 6.2, namely Airport City Development, AMB Property Corp, Blogis, GLP, Goodman, ING Real Estate, Mapletree, Vailog and Yupei.

(68) Limited sales transactions available for the estimation of yields.

present, GLP Park Zhuhai has land in the Zhuhai Free Trade Zone (FTZ) which can be developed as a standard inventory logistics and manufacturing facility. Rentals of modern logistics facilities vary significantly depending on locations and functionalities. Average rental levels charged for common warehouses in Zhuhai as of Q1 2010 ranged between RMB 15.00 psm to RMB 18.00 psm per month. Based on recent vacancy levels and expectations of future demand, CBRE projects modern logistics rental levels in Zhuhai to remain flat over the next 12 months. Based upon a very limited number of transactions in recent years and CBRE's market knowledge, we estimate that gross yields in the market range between 10.0%-11.0%.[69]

(69) Limited sales transactions available for the estimation of yields.

JAPAN

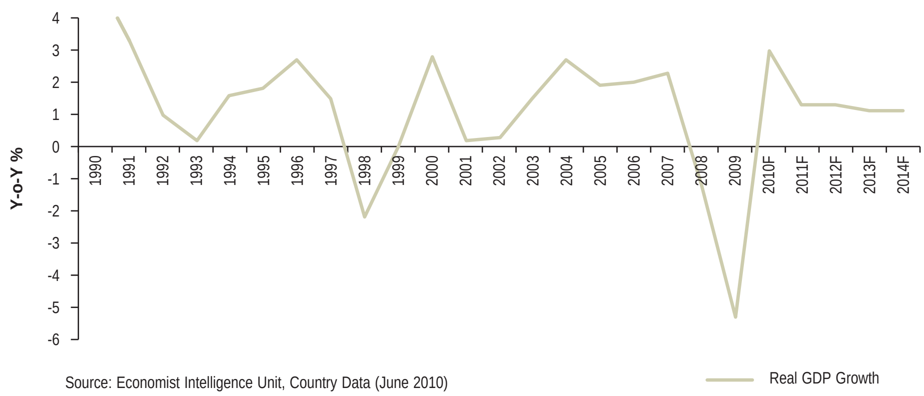
# 8. MACRO ECONOMIC OVERVIEW

## 8.1. Overview of Japan's Economic Growth

### 8.1.1. Economic Drivers

According to the Cabinet Office of the Government of Japan, real gross domestic product (GDP) grew by 5.0% q-o-q (annualized) in 1Q2010 after growing by 4.6% q-o-q (annualized) in 4Q2009. Exports rebounded by 32.1% y-o-y in May 2010 on the back of recovery in shipments to main export markets. The Bank of Japan's Tankan June 2010 survey results showed that the confidence of large Japanese manufacturers, which is measured by favorable minus unfavorable in percentage points from -100 to +100, improved for the fifth straight quarter from -58 in March 2009 to +1 in June 2010. According to the Economist Intelligence Unit (EIU), real GDP growth is expected to average 1.6% per annum from 2010 to 2014.

Figure 1.1.1 Japan's Real GDP Growth (1990-2014 Forecast)




Private consumption expenditure (PCE) has been the main driver of GDP growth, contributing an average of 0.8 percentage points of GDP growth per annum during 1991-1999 and 0.5 percentage points of GDP growth per annum during 2000-2009.

The PCE share of GDP has remained largely unchanged at an average of 55% of nominal GDP over the past 3 decades.

Figure 1.1.2 Japan's GDP Growth (by Expenditure)

| Y-o-Y % Change (In Real Terms) | 1991-1999 Average | 2000-2009 Average | Q1 2010 |
|---|---|---|---|
| GDP | 1.0 | 0.7 | 4.6 |
| Private consumption expenditure | 1.4 | 0.8 | 2.9 |
| Private residential investment | (2.3) | (4.0) | (18.0) |
| Private non-resi. investment | (1.8) | 0.9 | (3.8) |
| Government consumption | 3.0 | 1.9 | 1.3 |
| Public investment | 3.6 | (6.2) | 4.6 |
| Exports of goods & services | 1.7 | 2.4 | 34.3 |
| Imports of goods & services | 1.0 | 5.1 | 5.4 |

Source: Cabinet Office, Government of Japan

### 8.1.2. Trade Flows, Retail Sales, Consumption Related Statistics

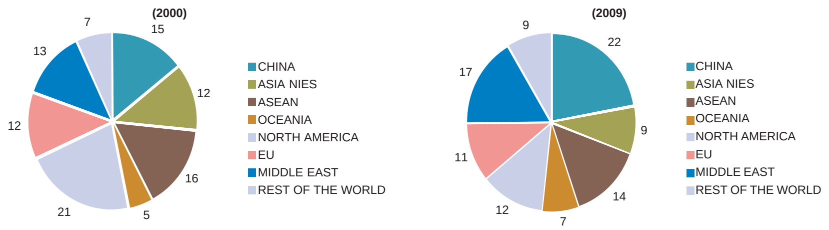
The volume of Japan's merchandise exports contracted by 25.7% in 2009 due to the global financial crisis while the volume of merchandise imports fell by 18.1%. The volume of exports is expected to rebound by 23.7% in 2010 and the volume of imports by 8.8%. Exports and imports are both projected to grow by about 5.0% per year between 2011 and 2014.

Figure 1.1.3 Japan's Merchandise Trade (1991-2014 Forecast)


Source: Economist Intelligence Unit, Country Data (June 2010)

Growth in Japan's merchandise imports has outpaced that of exports, as Japan's domestic manufacturing base shifts overseas. Between 1990 and 2009, the volume of merchandise exports increased by about 70% whereas the volume of imports more than doubled. As Japanese companies are increasingly manufacturing products in China and other parts of Asia, the share of imports from China, among other sources, has risen from 14.5% of total imports in 2000 to 22.2% in 2009.

Figure 1.1.4 Share of Japan's Imports by Major Trading Partners




Source: Ministry of Finance, Japan

Notes: Asia's newly industrializing economies (NIES) include Hong Kong, Singapore, South Korea and Taiwan. Singapore is included in both the Asia NIES and ASEAN countries.

The average value of retail sales in Japan has remained largely unchanged over the past decade. It has recovered substantially since the beginning of 2010 after a sharp contraction in 2009 and continues to grow at a moderate pace (+3.2% y-o-y in June from +4.7% y-o-y in March).

### 8.1.3. Growth of Disposable Income and Impact on Consumption Demand

Disposable income of Japanese households has remained steady over the past decade, with consumption expenditure accounting for around 73% of disposable income, indicating that the average propensity to consume has also remained largely unchanged over the past decade.

Figure 1.1.6 Average Monthly Income and Expenditure (Workers' Households)

| ('000 yen) | 2003 | 2005 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Income | 478.1 | 473.3 | 480.1 | 486.8 | 464.6 |
| Disposable Income | 401.8 | 398.9 | 402.1 | 402.9 | 384.0 |
| Disposable Income y-o-y growth % | -1.9% | -1.7% | 0.5% | 0.2% | -4.7% |
| Expenditure | 368.5 | 371.2 | 367.8 | 375.4 | 364.4 |
| Consumption expenditure | 292.2 | 296.8 | 289.8 | 291.5 | 283.7 |
| Non consumption expenditure | 76.3 | 74.4 | 78.0 | 83.9 | 80.7 |
| Consumption expenditure y-o-y growth % | -1.3% | 0.0% | 1.7% | 0.6% | -2.7% |
| Consumption expenditure as % of disposable income | 72.7 | 74.4 | 72.1 | 72.3 | 73.9 |

Source: Family Income & Expenditure Survey 2009, Statistical Bureau, Japan

## 8.2. Population Growth and Demographics in Japan

### 8.2.1. Population Growth (Historical and Forecast)

Japan's 2009 total population was 127.5 million, 0.14% lower than 2008. Based on government projections as of 2006, Japan's population will decline by an average annual rate of 0.35% from 2010 to 2020.

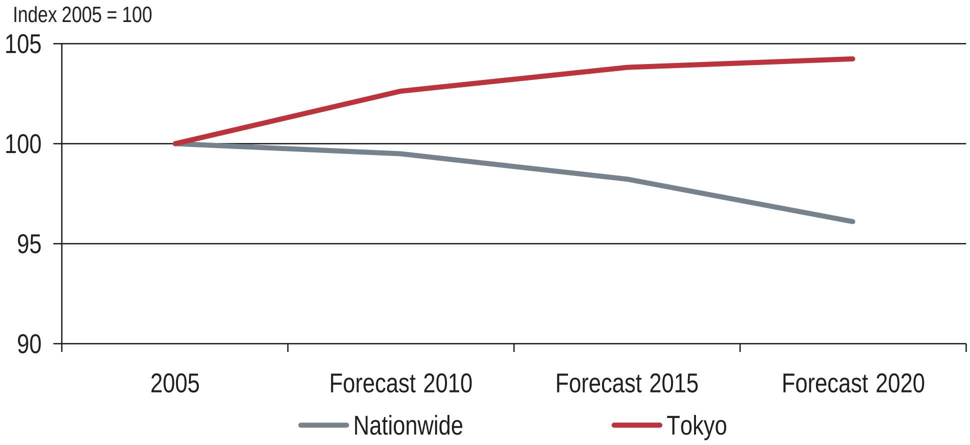
Figure 1.2.1 Population Trend

| | Population (million) | Age composition (%) | | | Average annual rate of increase (%) |
|---|---|---|---|---|---|
| | | 0-14 years | 15-64 | 65 and over | |
| 1995 | 125.6 | 15.9 | 69.4 | 14.5 | 0.31 (1990-1995 average) |
| 2000 | 126.9 | 14.6 | 67.9 | 17.3 | 0.21 (1995-2000 average) |
| 2005 | 127.8 | 13.7 | 65.8 | 20.1 | -0.01 |
| 2009 | 127.5 | 13.3 | 63.9 | 22.7 | -0.14 |
| **Projection as of Dec 2006** | | | | | |
| 2010 | 127.2 | 13 | 63.9 | 23.1 | -0.3 |
| 2020 | 122.7 | 10.8 | 60 | 29.2 | -0.35 (2010-2020 average) |

Source: Statistics Bureau, Ministry of Health, Labor & Welfare, Japan

In contrast to the declining trend nationwide, the population of Tokyo is projected to increase slightly from 2010 to 2020 as Tokyo remains the economic and political center of Japan, according to the National Institute of Population and Social Security Research. Specifically, the population of the central wards of Tokyo is projected to increase by more than the Tokyo average over the next decade partly due to urban renewal projects. For example, the former warehouse district in Tokyo Bay area is being re-developed as a residential area.

Figure 1.2.2 Forecast of Japan Population




Source: National Institute of Population and Social Security Research (2008), Index based on 2005=100.

### 8.2.2. Employment Rates

Figure 1.2.3 Labor Force Trend

| (Million persons) | Population aged 15 years and over | Labor force Total | Labor force Employed | Unemployed | Unemployment rate (%) |
|---|---|---|---|---|---|
| 1990 | 100.89 | 63.84 | 62.49 | 1.35 | 2.1 |
| 2000 | 108.36 | 67.66 | 64.46 | 3.2 | 4.7 |
| 2005 | 110.07 | 66.50 | 63.56 | 2.94 | 4.4 |
| 2007 | 110.43 | 66.69 | 64.12 | 2.57 | 3.9 |
| 2008 | 110.50 | 66.50 | 63.85 | 2.65 | 4.0 |
| 2009 | 110.47 | 66.17 | 62.82 | 3.36 | 5.1 |

Source: Statistics Bureau (2009), Japan

According to the Statistics Bureau of Japan, Japan's labor force numbered 66.17 million in 2009, and is expected to decline over the long term due to falling birth rates and an aging population. In 2009, the number of employed declined by 1.03 million from the previous year to 62.82 million in 2009. The unemployment rate stood at 5.1% in 2009 with 3.36 million unemployed.

## 8.3. Overview of Current Economic Policy

To overcome deflation and sustain the economic recovery, the Japanese government has undertaken several economic stimulus measures. A supplemental ¥ 7.2 trillion yen (USD 81 billion) stimulus package targeted at unemployment, the environment and the overall economy was unveiled in December 2009. Specific measures included providing support for the unemployed, creating jobs, and facilitating financing for Japanese enterprises and housing.

The government will also work with the Bank of Japan to promote economic recovery and combat deflation. In its recent monetary policy meeting, the Bank of Japan stated that it plans to maintain the accommodative financial environment, and will maintain the uncollateralized overnight call rate at around 0.1% for the foreseeable future.

- Comprehensive Logistics Policy Outline (2009-2013)

The Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) announced the "Comprehensive Logistics Policy Outline (2009-2013)" in July 2009, comprising the following key policies;

1. Support for the Global Supply Chain

2. Reduce Impact on the Environment
3. Safe and Reliable Logistics

Several initiatives will be undertaken by the government to ensure that Japan's key transportation nodes remain competitive.

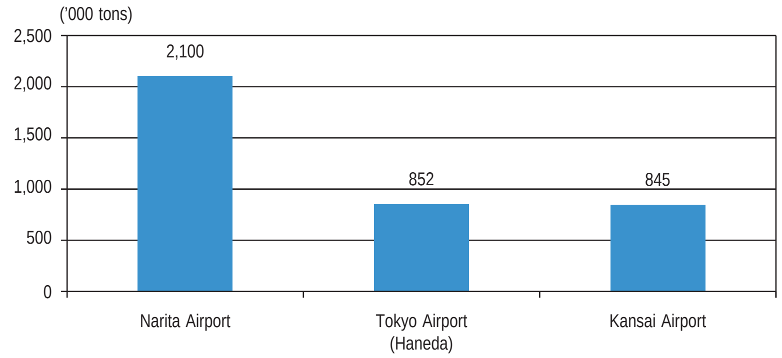
- Re-Expansion of Haneda Airport

According to the MLIT, international flight volume at Haneda Airport is expected to increase significantly with the opening of its fourth runway in October 2010. As such, an increase in air cargo volume in the Tokyo Bay area is expected.

Although Narita Airport has the largest share of air cargo volume in Japan at 2.1 million tons as of 2008, which is more than double the volume handled by Haneda Airport or Kansai International Airport, Haneda Airport is expected to see an increase of 500,000 tons in annual air cargo volume in 2011 by the government. Some of this increase is expected to be a shift in volume from Narita Airport.

The addition of Haneda Airport as an international air cargo terminal is expected to concentrate air cargo volume in the Tokyo metropolitan area. Existing air cargo terminals at Ota Ward in the Tokyo Bay area, as well as in the Chiba Bay area which is located midway between Haneda and Narita Airports are likely to see increased air cargo volume.

Figure 1.3.1 Air Cargo Volume at Major Airports in Japan




Source: Airports Council International, data as of 2008

- Development of Metropolitan Inter-City Expressway

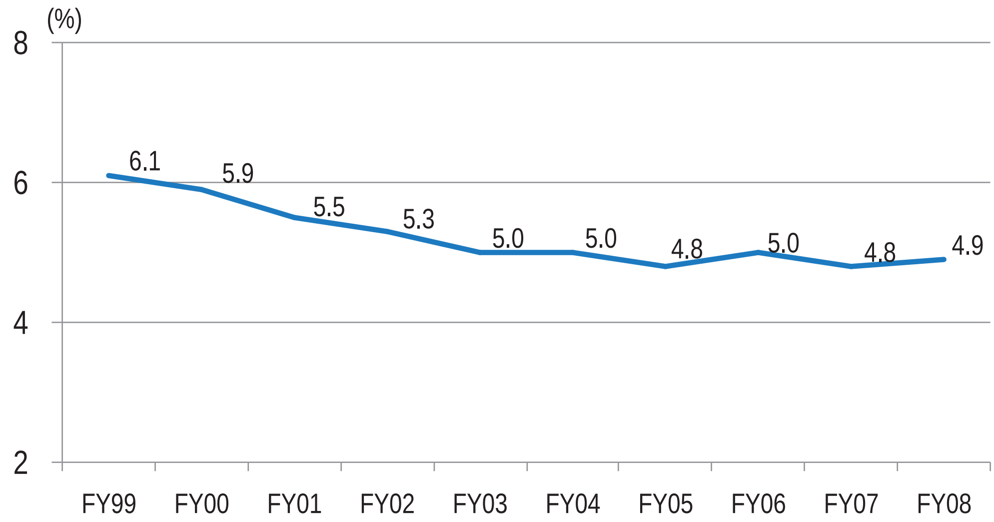
The Metropolitan Inter-City Expressway is one of the loop roads located farthest from central Tokyo with a diameter of 40 km to 60 km, connecting Yokohama, Atsugi, Hachioji, Kawagoe, Tsukuba and Narita, as well as key international passenger and logistics transport facilities such as Narita Airport and the Port of Yokohama. Of the 300 km planned, over 100 km has already been completed. As more of the Expressway gets completed, accessibility to the inland Tokyo metropolitan area will correspondingly increase. As a result, several development projects are already under construction around the new interchanges. Demand for logistics services is also expected to increase correspondingly.

## 9. LOGISTICS MARKET TRENDS AND OUTLOOK

### 9.1. Logistics Cost Trends and Breakdown

The ratio of logistics cost to sales has gradually declined from 6.1% in FY1999 to 4.9% in FY2008. Since 2000, many logistics divisions have been rationalized as companies restructured their businesses to reduce operating costs. As such, more and more companies are increasingly outsourcing their logistics operations to 3PL operators.

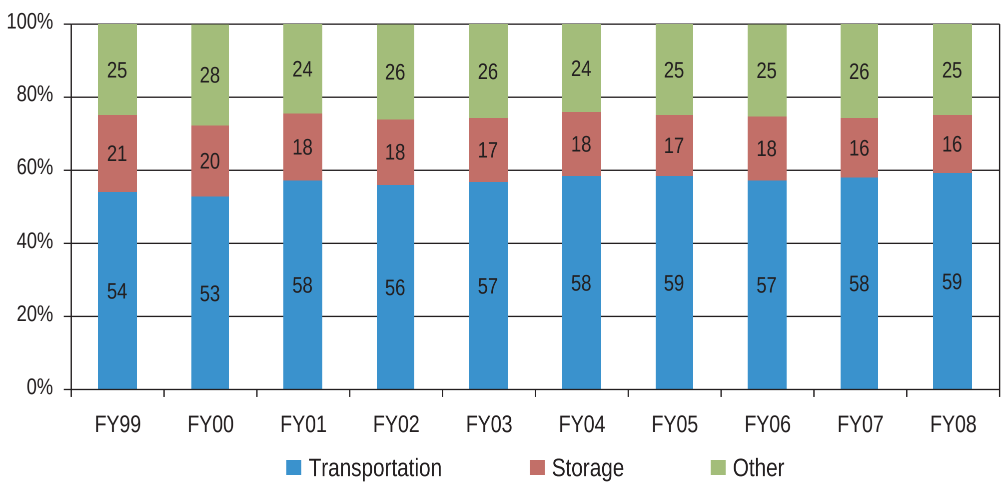
Figure 2.1.1 Ratio of Logistics Cost to Sales




Source: FY2008 Logistics Cost Survey Report, Japan Institute of Logistics Systems

Transportation costs have historically constituted a large proportionate of overall logistics costs, accounting for more than 50% throughout the survey period. The split among categories remained stable throughout the period. The real estate related costs which comprise rental costs account for less than 20% of overall logistics costs.

Figure 2.1.2 Trend in the Ratio of Logistics Cost Components




Source: FY2008 Logistics Cost Survey Report, Japan Institute of Logistics Systems

## 9.2. Demand for Modern Logistics Facilities

### 9.2.1. Features of Modern Logistics Facilities

We define modern logistics facilities as those that have most of the following features, which differ significantly from the storage-type warehouses which were built in large numbers during the economic boom of the 1970s.

(i) Size

Generally, a modern logistic facility is greater than 10,000 sqm in floor area. Facilities of more than 50,000 sqm are planned for occupancy by multiple tenants.

(ii) Location

To meet the needs of consumers by accommodating timely delivery service from small-lot logistics services, a distribution center must be located near retail catchment areas, and such facilities must be located near transportation hubs, expressway interchanges, and major airports and harbors.

(iii) Functional Design

To achieve short lead times and allow frequent transportation, it is essential for distribution centers to be equipped with the features such as ramps allowing truck access to the upper floors and ample loading bays for maximum efficiency, with capacity to handle high concentrations of trucks.

(iv) Employee Amenities

It is crucial that the distribution centers attract high-quality part-time and temporary staff to handle increasingly sophisticated processing work. Employee amenities that include lounges and child-care facilities are some of the features to ensure the well being of staff.

(v) Minimal Impact on Environment

Companies are beginning to value logistics facilities that are environmentally friendly more as they become more environmental conscious. More logistics facility providers are obtaining certification under the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) for modern logistics facilities.

(vi) Technologically Advanced Security

With more emphasis on corporate security, there is a growing move to prevent information leaks. Modern logistics facilities maintain high levels of security with round-the-clock security guards, advanced entry management systems, and 24-hour monitoring services from security centers.

**9.2.2. Third-party Logistics Market and New Industry Demand**

In recent years, there has been an increase in demand for modern logistics facilities in Japan driven mainly by strong growth in the third-party logistics (3PL) market and internet / mail order sales.

3PL refers to outsourcing logistics services for part, or all of a firm's supply chain management functions. 3PL operators typically specialize in integrated operation, warehousing and transportation services that can be scaled and customized to customer's needs based on market conditions and the demands and delivery service requirements for the products and services In the past, these logistics operations would be handled by in-house logistics department or logistics subsidiary. However, since 2000, there has been an increase in the outsourcing of a wide range of logistics operations, based on comprehensive agreements with logistics companies including sorting, inspection, packing, and returns management in addition to transport and storage. 3PL is a growing sector with participation by a wide range of logistics companies including logistics subsidiaries, transport and storage companies.

As the domestic manufacturers are concentrating on their core businesses due to increased competition from other Asian companies, 3PL business has become increasingly important to meet customers' needs. Therefore, the 3PL market is expected to continue expanding as more companies move to outsource their logistics operations to realize higher efficiency and cost reduction, fueling demand for large and efficient modern logistics facilities.

The growing e-commerce market has resulted in a greater focus on efficient logistics operations, which requires the use of well located modern logistics facilities to meet the need for frequent, small-lot distributions.

Other changes in the business environment, including increasing awareness of environmentally friendly operations and emphasis on corporate security, have resulted in changes in the requirements for logistics facilities. Conventional storage-type warehouses and seaport warehouses are no longer sufficient to meet users' needs.

Some examples of increased leasing activity involving modern logistics facilities are listed below.

- Internet / Mail Order Sales

With the expansion in e-commerce activity, there has been an increase in logistics demand related to internet / mail order sales. In addition to meeting the need for frequent, small-lot distribution, distribution centers for online sales must accommodate part-time and temporary workers that handle distribution processing. For commuting purposes of these workers, modern logistics facilities located near railway stations are preferred. The market sector is expected to further expand and it is believed that this growth will be the major driver of demand for logistics facilities in urban locations.

Figure 2.2.1 Examples of Leasing Activity in Internet / Mail Order Sales

| No. | Tenant | Relocation Timing | Property Name | Location | Leased Area |
|---|---|---|---|---|---|
| 1 | Nippon Express/Amazon Japan | 2009 | Amazon Sakai FC | Chikko Yawatacho, Sakai-ku, Sakai-City, Osaka | 64,000 sqm |
| 2 | Japanet Takata | 2009 | AMB Kasugai | Akechi-cho, Kasugai-City, Aichi | 30,000 sqm |
| 3 | Rakuten Logistics | 2010 | Prologis Park Ichikawa I | Shiohama, Ichikawa-City, Chiba | 25,000 sqm |

Source: Press releases from respective companies.

A number of Internet / mail order retailers of office-related products are moving into well situated modern logistics facilities that allow access to business districts to further shorten the lead time for delivery of goods.

Figure 2.2.2 Examples of Leasing Activity in Office-related Products

| No. | Tenant | Relocation Timing | Property Name | Location | Leased Area |
|---|---|---|---|---|---|
| 1 | Otsuka Corporation | 2010 | Takashimadaira Logistics Center | Takashimadaira, Itabashi-ku, Tokyo | 31,000 sqm |
| 2 | Logistics subsidiary of major stationery manufacturer | 2010 | Shochiku Shinkiba Warehouse | Shinkiba, Koto-ku, Tokyo | 19,000 sqm |

Source: Press releases from respective companies.

- Logistics Facilities Operated by Global Logistics Companies

When multi-national logistics companies open modern logistics facilities in Japan, they often use rental properties in order to gain a higher return on assets (ROA). As these companies mainly handle business-related packages for international package delivery services, their top priority is to select properties that offer outstanding access to city centers.

Figure 2.2.3 Examples of Leasing Activity in Global Companies

| No. | Tenant | Relocation Timing | Property Name | Location | Leased Area |
|---|---|---|---|---|---|
| 1 | TNT Express | 2009 | AMB Shinkiba DC | Shinkiba, Koto-ku, Tokyo | 8,700 |

Source: Press releases from respective companies.

- Joint Distribution (Pharmaceutical Products)

With the revision of the Pharmaceutical Affairs Act enacted in 2009, restrictions on the sale of pharmaceutical products were further relaxed allowing non-conventional retailers of pharmaceutical products, such as supermarkets and convenience stores, to offer the sale of some over-the-counter pharmaceutical products.

As a result, the sales routes for over-the-counter drugs have expanded and the old system of sales by manufacturers to wholesalers has broken down, which in turn brought prices down. This triggered the move by manufacturers to further review existing logistics in order to achieve efficiency, resulting in joint distribution.

In the distribution of pharmaceutical products, management and operations must comply with legal requirements including those of the Pharmaceutical Affairs Act. New and modern logistics facilities are often selected to meet these stringent demands and ensure ample space for joint operations.

Figure 2.2.4 Examples of Leasing Activity in Pharmaceutical Products

| No. | 3PL provider | Client | Relocation Timing | Property Name | Location | Leased Area |
|---|---|---|---|---|---|---|
| 1 | Hitachi Transport System | Sawai Pharmaceutical, Glaxo Smith Kline ... | 2006 | GLP Maishima II | Hokuko-ryokuchi, Konohana-ku, Osaka | 56,000 sqm |
| 2 | - | Nipro | 2010 | Prologis Park Osaka II | Hokuko-shiratsu, Konohana-ku, Osaka | 23,000 sqm |

Source: Press releases from respective companies.

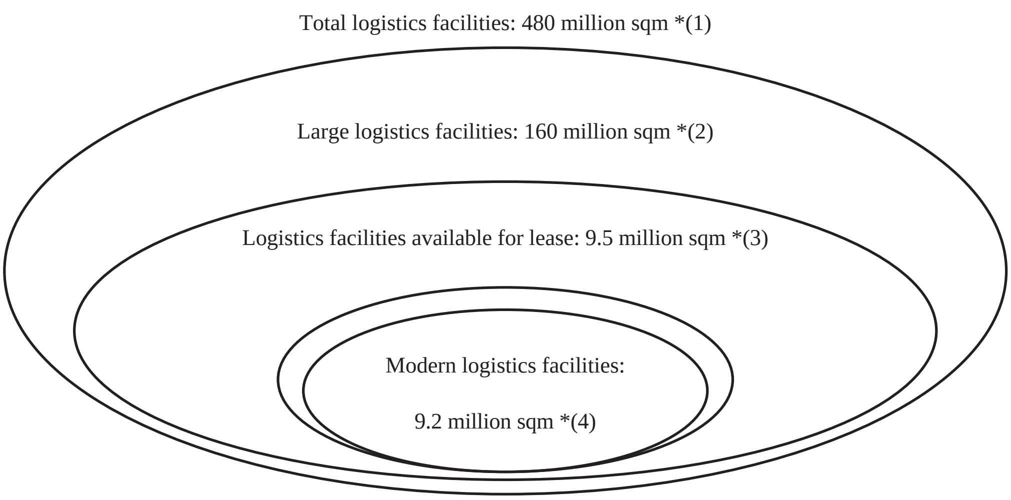
## 10. LOGISTICS REAL ESTATE MARKET OVERVIEW

### 10.1. Summary and Composition of Logistics Real Estate Market

#### 10.1.1. Facilities Overview

The size of the logistics real estate market based on floor area is illustrated in Figure 3.1.1. The total figure includes warehouses, delivery centers, distribution centers, logistics centers, agricultural warehouses and wholesale markets. On a gross floor area basis, the total size of the market is estimated to be about 480 million sqm, with large logistics facilities (GFA of 5,000 sqm or more) accounting for 160 million sqm, logistics facilities available for lease for 9.5 million sqm and modern logistics facilities (GFA of 10,000 sqm or more) for 9.2 million sqm. Therefore, on a gross floor area basis, modern logistics facilities account for the major part of the leased logistics facilities market.

Figure 3.1.1 Overview of Logistics Real Estate Market




*(1) Total gross floor estimated based on "Summary Protocol of Fixed Asset Price" (Ministry of Internal Affairs and Communications) and "Building Starts Statistics" (Ministry of Land, Infrastructure, Transport and Tourism) including non-wood-frame buildings, regardless of size as of FY2008.

*(2) Defined as gross floor area (GFA) of 5,000 sqm or more by estimation based on *(1).

*(3) Jones Lang LaSalle K.K. estimate by aggregating the gross floor area of logistics facilities available for lease considered as investment properties. Following cases are excluded:

(i) Parent company owned site and building leased to its logistics subsidiary;

(ii) Shareholding company of multiple logistics companies (tenants) which owns the site and building, and stakeholders themselves are leasing the facility (example: truck terminal); and

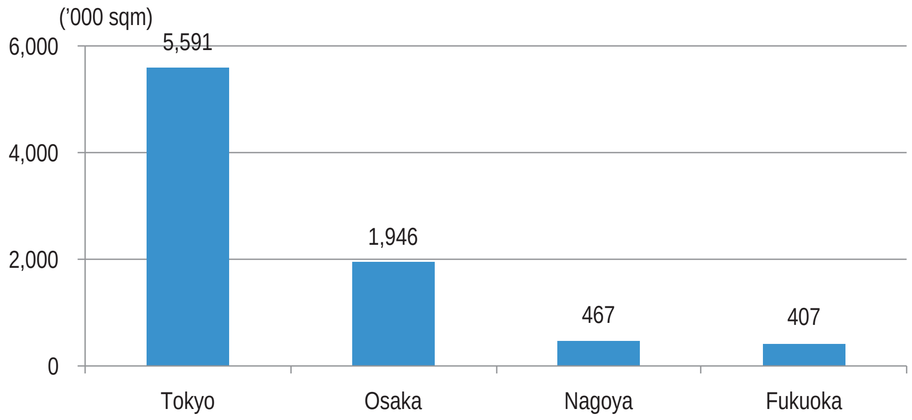
(iii) Public organizations such as a third sector company are involved in the development of the logistics warehouse;

*(4) Defined as gross floor area (GFA) of 10,000 sqm or more with hi-spec (high-efficiency, advanced security etc.)

- Market Size Comparison

On a floor space basis, the Tokyo metropolitan area is by far the largest market for leased large-scale logistics facilities (GFA 5,000 sqm or more), followed by the Osaka metropolitan area, which is about a third as large as the Tokyo metropolitan area market. Nagoya and Fukuoka metropolitan area markets are each less than a tenth of that of Tokyo.

Figure 3.1.2 Market Size of Leased Logistics Facilities in Major Metropolitan Areas




Source: Jones Lang LaSalle K.K.

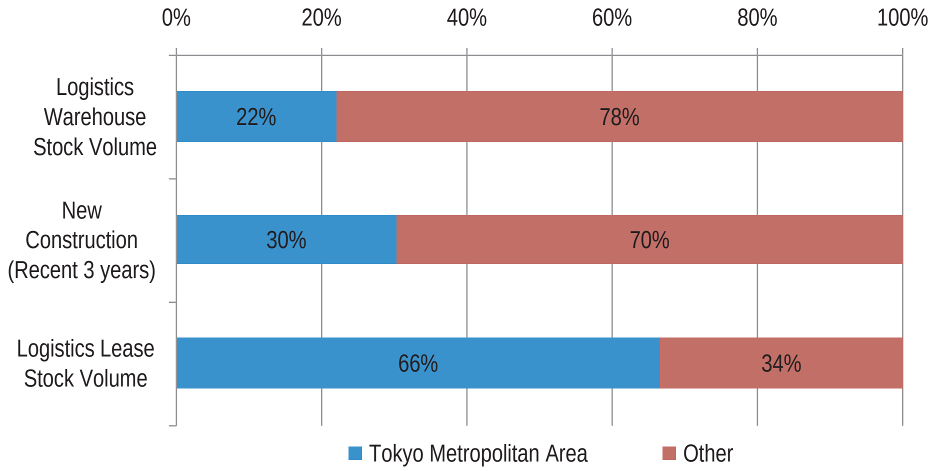
Note: Regional classifications by Jones Lang LaSalle K.K. include Tokyo metropolitan area (Saitama, Chiba, Tokyo, and Kanagawa), Nagoya metropolitan area (Aichi), Osaka metropolitan area (Osaka and Hyogo) and Fukuoka metropolitan area (Fukuoka and Saga).

- Concentration in Tokyo Metropolitan Area

The logistics facility stock is concentrated in the Tokyo metropolitan area (Saitama, Chiba, Tokyo, and Kanagawa). Of the 480 million sqm total logistics facilities stock in Japan, 22% is located in the Tokyo metropolitan area, and the area accounts for 30% of warehouse building starts in the last three years (2007-2009). Of all the leased facilities, 66% are located in the Tokyo metropolitan area.

As the economy expanded rapidly in the 1970s, road infrastructures were developed all across Japan, and many logistics facilities were built in regional cities. Many logistic facilities were also developed in both the Tokyo metropolitan area and regional cities during the bubble era in late 1980s. More recently, however, new supply is limited in the regional cities whereas developments continue in the Tokyo metropolitan area, where demand is expected to grow.

Figure 3.1.3 Concentration in Tokyo Metropolitan Area

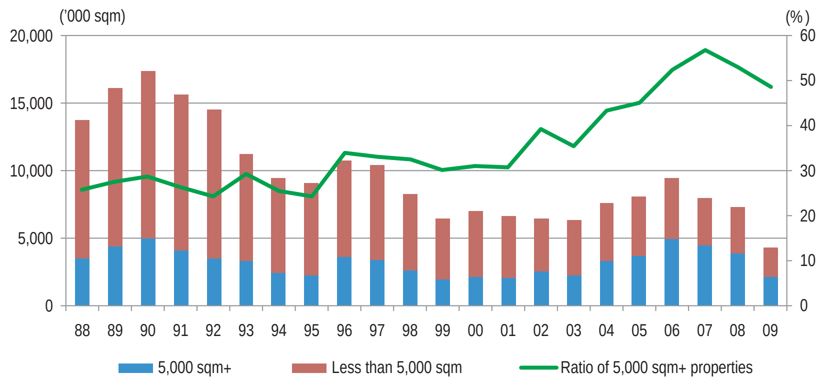



Source: Jones Lang LaSalle K.K., "Summary Protocol of Fixed Asset Price" (Ministry of Internal Affairs and Communications), "Building Starts Statistics 2009" (Ministry of Land, Infrastructure, Transport and Tourism)
Note: Logistics facilities available for lease figures are for Tokyo metropolitan area (Saitama, Chiba, Tokyo, Kanagawa), Nagoya metropolitan area (Aichi), Osaka metropolitan area (Osaka, Hyogo) and Fukuoka metropolitan area (Fukuoka, Saga)

- Shift towards Large Facilities

Large facilities are beginning to dominate the new supply of logistics facilities. A great volume of logistics facilities entered the market during the bubble era in the late 1980s, but since then supply has decreased significantly. The supply of small warehouses (GFA of less than 5,000 sqm) has consistently decreased since the bubble era, while the supply of large logistics facilities (GFA of 5,000 sqm or more) has remained relatively stable, with some fluctuation corresponding to economic cycles. Large facilities accounted for about 30% of all logistics facilities until 2001, but this percentage increased to 56.7% in 2007. Although it fell to 48.7% in 2009 as large developments were either delayed or suspended due to the financial crisis, it is still higher than the levels seen in the 1990s.

Figure 3.1.4 Supply by Size and the Ratio of Large Facilities

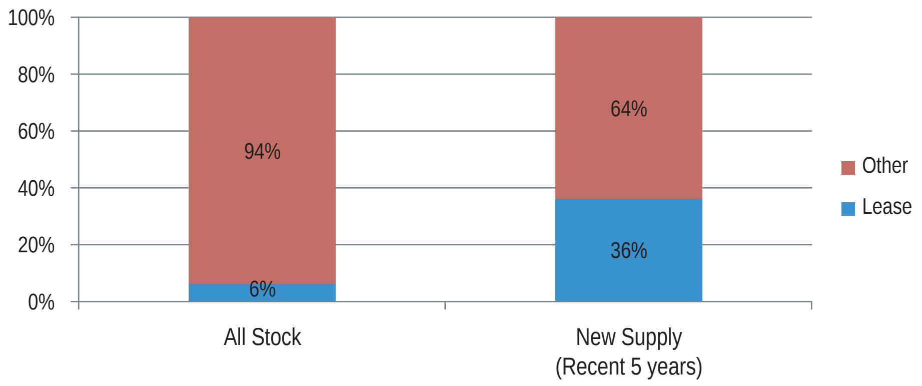



Source: Building Starts Statistics (Ministry of Land, Infrastructure, Transport and Tourism)
Use: Warehouse, Structure: Reinforced Concrete, Steel Reinforced Concrete, and Steel (Wooden buildings are excluded)
Note: Supply numbers are calculated by start year of each building

- Leased Large Logistics Facilities

Leased large logistics facilities (GFA of 5,000 sqm or more) located in metropolitan areas only comprise 6% of total stock. These facilities however account for 36% of stock completed in the last 5 years. Large logistics facilities were traditionally owned and self-operated, but a significant new supply of leased facilities contributed to the rise in share.

Figure 3.1.5 Ratio of Leased Large Logistics Facilities

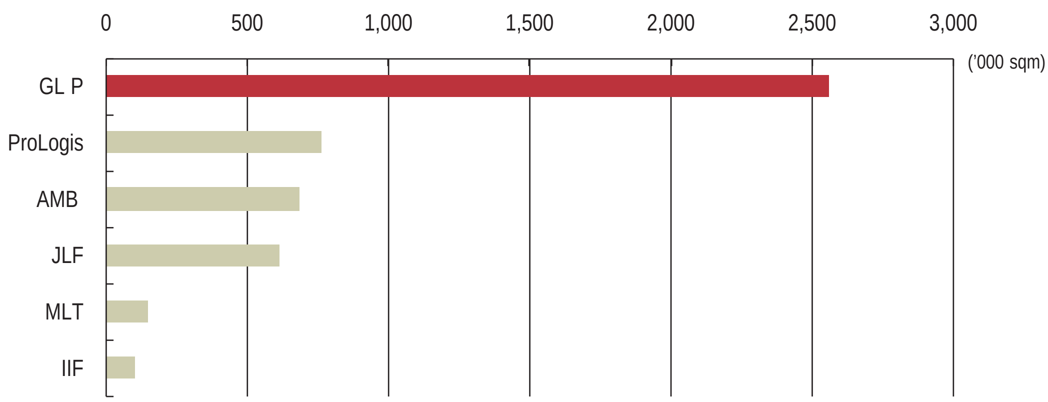



Source: Jones Lang LaSalle K.K., “Summary Protocol of Fixed Asset Price” (Ministry of Internal Affairs and Communications), “Building Starts Statistics” (Ministry of Land, Infrastructure, Transport and Tourism)

### 10.1.2. Modern Logistics Facilities Providers in Japan

Global Logistics Properties is the largest modern logistics facilities provider in terms of net leasable area (NLA) with about 2.6 million sqm or 29% share of the logistics facilities available for lease market estimated by Jones Lang LaSalle K.K. as of March 2010. Other major modern logistics facilities providers, where data are publicly disclosed, are ProLogis, AMB Property and Mapletree Logistics Trust (MLT) who own 763,000 sqm, 684,000 sqm, and 149,000 sqm of NLA respectively. J-REITs have also invested in logistics. Japan Logistics Fund (JLF) and Industrial & Infrastructure Fund Investment Corporation (IIF) own 611,000 sqm and 104,000 sqm of NLA respectively.

Figure 3.1.6 Major Modern Logistics Facilities Providers in Japan (NLA basis)

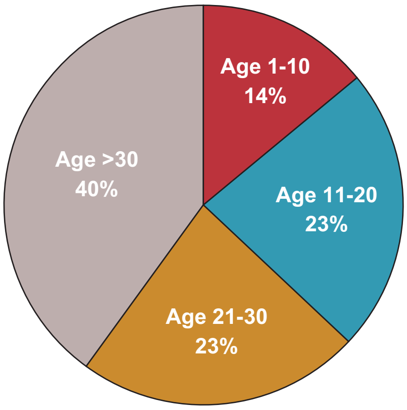



Source: Annual Report 2009 of ProLogis, AMB Property and Mapletree Logisitics Trust. Financial Statements of JLF (Jan. 2010) and IIF (Dec. 2009).

### 10.1.3. Supply

The existing stock of logistics facilities in Japan was largely constructed during the economic boom of the 1970s and the bubble era in the late 1980s. Approximately 40% of existing logistics facilities were constructed more than 30 years ago and are due for upgrading or demolishing.

Figure 3.1.7 Age of Logistics Facilities in Japan



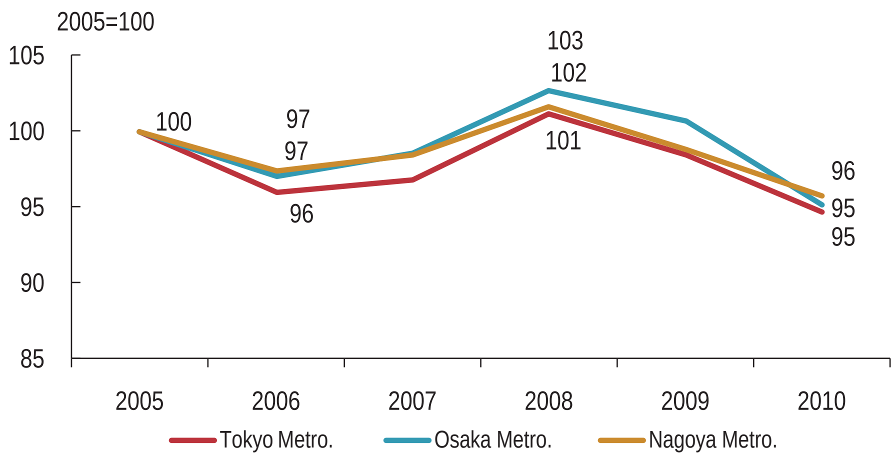

Source: Building Starts Statistics 2009 (Ministry of Land, Infrastructure, Transport and Tourism); usage as warehouse, regardless of structure. Building ages are simply calculated by the construction starts on GFA basis. Abolition and demolition are not reflected.

### 10.1.4. Development Sites

- Land Price for Industrial Use

According to the government land price survey 2010, land prices for industrial use increased in 2006 as investment capital flowed into the entire real estate market, including the logistics sector. After the global financial crisis in 2008, land prices declined and are now at a record low of approximately 25-50% of the peak level achieved in the bubble era. Also, current land price is at the lowest since the establishment of the government land price index in 1974. Sites with competitive advantages are expected to attract investors demand when the economy rebounds.

Figure 3.1.8 Historical Land Price for Industrial Use




Source: Ministry of Land, Infrastructure, Transport and Tourism

- Acquisition of Development Sites

(i) Development Sites Acquired from Public Organizations

Sales of sites located in prime logistics zones in the Tokyo prime area took place in the early 2000s, but now the majority of transactions involve inland Tokyo area. With the development of the new loop road, municipal governments are expected to market their industrial-designated zones in the vicinity, which would stimulate potential demand.

(ii) Former Factory Sites

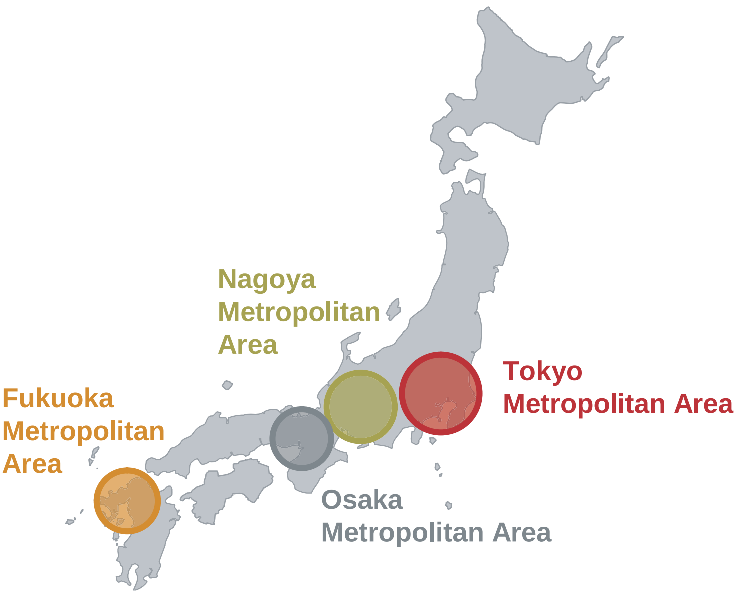
Large lots located in the bay area of Tokyo and Osaka metropolitan areas, which are currently being used for factories, may become available for sale as the result of the shift in manufacturing bases overseas. The concentration of such sites at desirable locations would be expected to prompt investment activity.

- Examples Involving Corporations

A cosmetics manufacturer, Shiseido, sold eight logistics facilities in a sale and leaseback transaction in December 2006 to outsource its entire logistics business from its subsidiary, Shiseido Logistics Service, to Hitachi Transport System, Other examples divestments of logistics facilities as part of balance sheet restructuring and to improve their ROA include the sales by Matsushita Logistics (currently Panasonic Logistics), Daiei, and Sanyo Electric Logistics, as well as Footwork Express to LaSalle Investment Management.

## 11. MAJOR MARKET PROFILES BY METROPOLITAN AREA

Economic activity is concentrated in the Tokyo and Osaka metropolitan areas. The Tokyo and Osaka metropolitan areas collectively comprise c.80% of the leased logistics market.




### 11.1. Tokyo Prime Area and Metropolitan Area

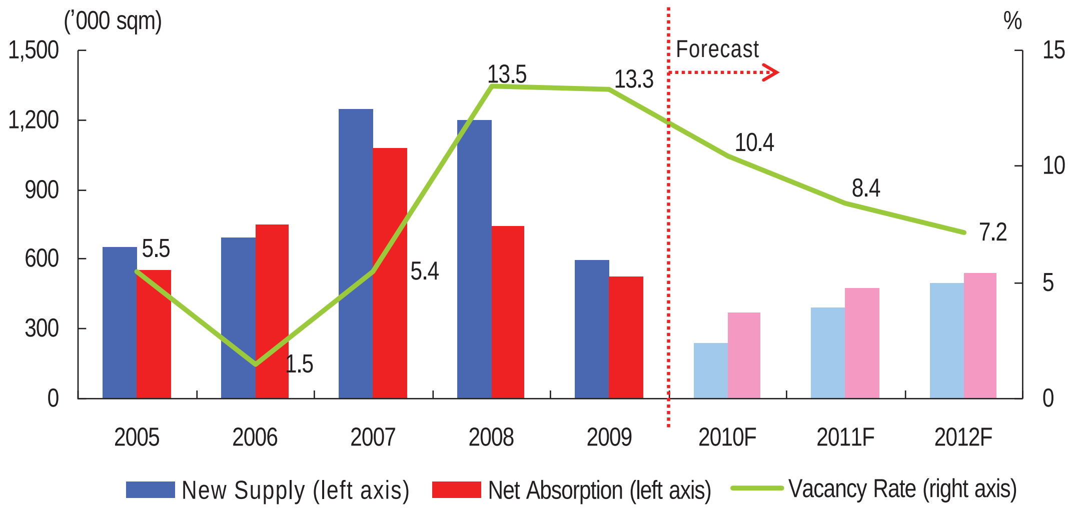
- Overview

The Tokyo metropolitan area serves as the economic and political center of the country. It dominates with a population of approximately 35 million accounting for 47% of the entire domestic wholesale volume and more than one third of the gross domestic product.

- Supply, Demand and Vacancy

The vacancy rate for modern logistics facilities in the Tokyo metropolitan area remained stable at around 5% from 2005 to 2007 until the global financial crisis impacted the property market in 2008, when it exceeded 10%. A large number of new projects were suspended, limiting future supply at least until 2011. Coupled with an estimated recovery in the economy, the vacancy rate should decline to about 7.2% by the end of 2012.

Figure 4.1.1 Recent Trend and Outlook for Vacancy Rate in Tokyo Metropolitan Area

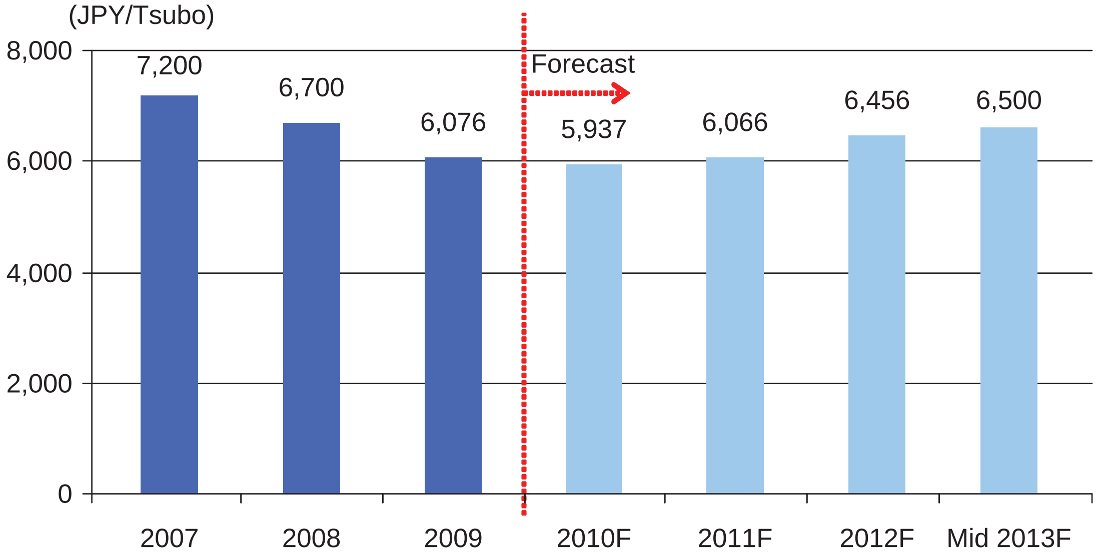



Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more in Tokyo metropolitan area (Saitama, Chiba, Tokyo, and Kanagawa)

### 11.1.1. Rental, Capital Values and Capitalization Rates – Tokyo Prime Area

The prime area within the Tokyo metropolitan area - the bay-area in Koto, Ota, Shinagawa, Minato, Chuo and Edogawa Wards commands the highest rents in Japan. However these rents have also been declining since peaking at ¥7,200 per tsubo (1 tsubo = 3.3 sqm) per month which was achieved during the first half of 2008. The trend is still continuing in 2010, though the pace is clearly slowing down. Average rent for large logistics facilities in the Tokyo metropolitan area is ¥ 6,076 per tsubo per month at the end of 2009. Rents are expected to bottom out this year and subsequently start to rise again. It is expected to increase to ¥6,500 per tsubo per month by mid 2013, representing about 3.7% CAGR from 2010.

Figure 4.1.2 Recent Trend and Outlook for Rent in Tokyo Prime Area



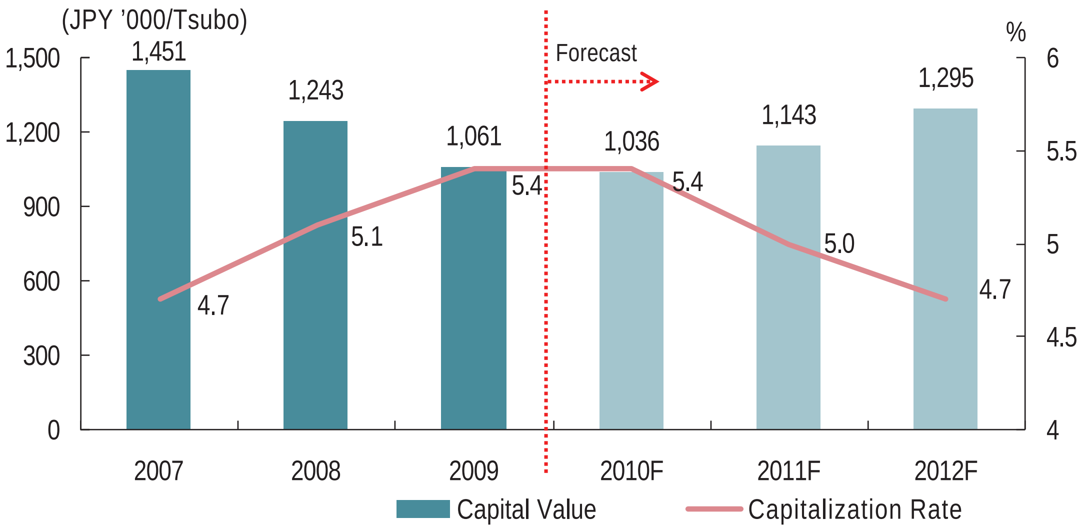

Source: Jones Lang LaSalle K.K., Logistics Facilities of 5,000 sqm GFA or more for Tokyo Prime area (Bay area in Koto, Ota, Shinagawa, Minato, Chuo and Edogawa Wards)

Capitalization rates in real estate investments are generally affected by the funding environment. The capitalization rate for Tokyo prime area stood at 4.7% in 2007 and saw a 70 bps expansion in 2008 / 09, primarily a result of the financial dislocation experienced during that period. Presently, the capitalization rate for large logistics facilities in the Tokyo prime area is about

5.4%. Capitalization rates have however stabilized as the economic outlook and the depth of the funding environment improved. A forecast of the Tokyo prime area capitalization rate based on the above scenario indicates that the capitalization rate is expected to remain flat until early 2011, but start falling in 2011, and reach the levels of 2007 of about 4.7% in 2012.

Although capital values are still under pressure as of April 2010, the pace of decline that began in 2008 is slowing down. Similar to the trend seen in rents and capitalization rates, capital values are estimated to bottom out this year and are expected to start increasing in 2011. Capital values are currently at about ¥1.06 million per tsubo and are forecasted to rise to ¥1.30 million per tsubo by 2012.

Figure 4.1.3 Recent Trend and Outlook for Capital Values in Tokyo Prime Area



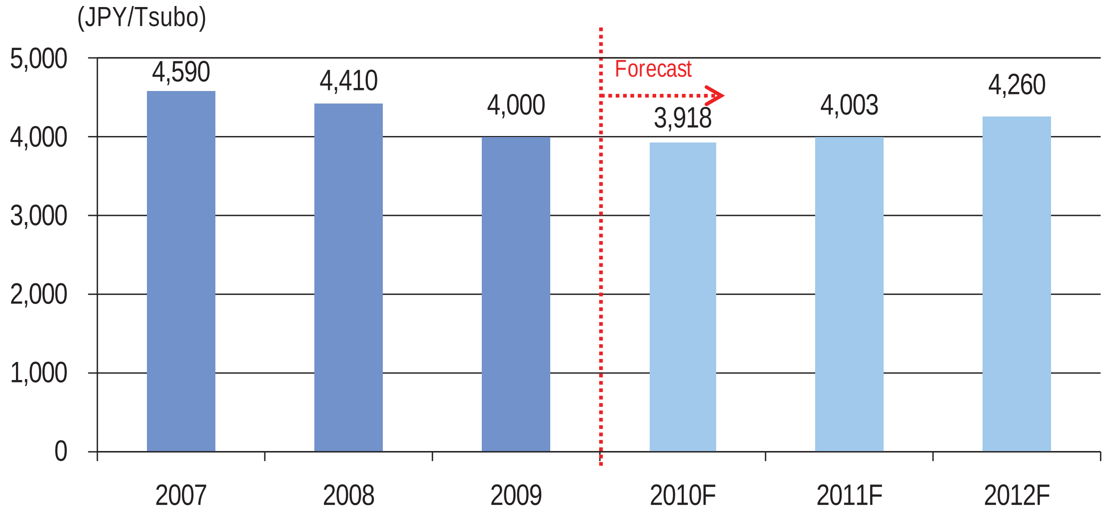

Source: Jones Lang LaSalle K.K., Logistics Facilities of 5,000 sqm GFA or more for Tokyo Prime area (Bay area in Koto, Ota, Shinagawa, Minato, Chuo and Edogawa Wards)

### 11.1.2. Rental, Capital Value and Capitalization Rates in Tokyo Metropolitan Area

When generally looking at metropolitan areas, all locations, including prime, secondary and other warehouse locations are included in this analysis. Furthermore, the market coverage is not strictly limited to modern logistics facilities.

The average rent in the Tokyo metropolitan area declined moderately from ¥4,410 per tsubo per month in 2008 to ¥4,000 per tsubo per month in 2009. However, the recent stabilization indicates that the market is approaching the bottom. An increase in transportation volumes in line with economic recovery would result in rents bottoming out in 2010 and subsequently rising in 2011.

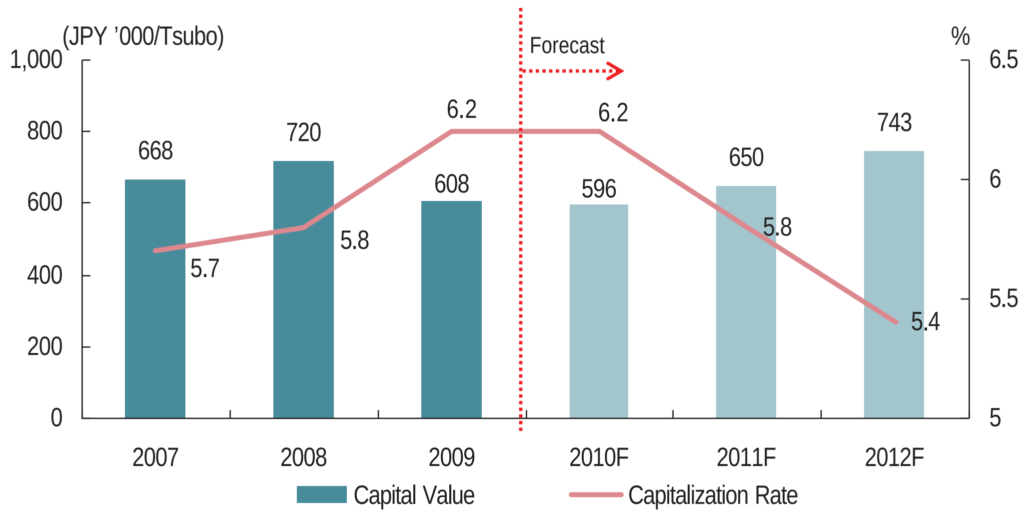
Figure 4.1.4 Recent Trend and Outlook for Average Rent in Tokyo Metropolitan Area




Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 30,000- 50,000 sqm, building age 5-10 years and around 5 years lease contract) in Tokyo metropolitan area (Saitama, Chiba, Tokyo, and Kanagawa)

The impact of the financial crisis that occurred in the latter half of 2008 caused capitalization rates to rise. However, capitalization rates have remained flat since late 2009. The capitalization rate for large logistics facilities in the Tokyo metropolitan area is about 6.2% at the end of 2009. However the capitalization rate for modern logistics facilities or facilities with high credit tenants and long term contracts is typically lower. Going forward, financial institutions are expected to ease up on lending as the economic recovery takes place in 2011, which would lead to a moderate reduction in capitalization rates. Capital values, therefore, are expected to bottom out in 2010 and start rising in 2011.

Figure 4.1.5 Recent Trend and Outlook for Average Capital Values in Tokyo Metropolitan Area




Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 30,000- 50,000 sqm, building age 5-10 years and around 5 years lease contract) in Tokyo metropolitan area (Saitama, Chiba, Tokyo, and Kanagawa)

- General Outlook and Opportunities

Tokyo prime area contains a high concentration of various logistics functions serving the Tokyo metropolitan area, the largest retail catchment area in Japan, due to its superior transportation infrastructure. Demand for high-added value logistics in this sought-after location is expected to remain robust.

Inland areas, on the other hand, are expected to remain stable as the supply-demand equation continues to re-balance. Many existing facilities have high occupancy rates and there is limited availability of development sites and minimal development activities. The development and completion of the Metropolitan Inter-City Expressway is expected to provide further support for the demand for modern logistics facilities.

## 11.2. Osaka Metropolitan Area

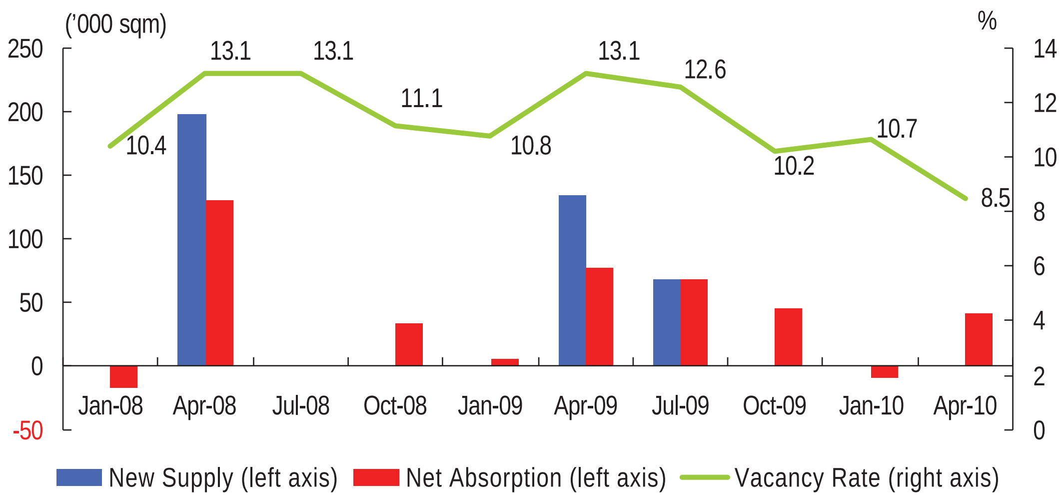
- Overview

The Osaka metropolitan area, located in the Kinki (Kansai) region, is the second largest economic area in Japan. The Kinki (Kansai) region contains a population of approximately 21 million, the largest retail catchment in western Japan, where the Osaka metropolitan area also functions as the domestic manufacturing base.

- Supply, Demand and Vacancy

The vacancy rate for large logistics facilities in the Osaka metropolitan area was 8.5% as of April 2010, a slight decline from the latter part of 2009. This was partially due to successful leasing activities of newly completed logistics facilities. While the supply-demand balance has been improving consistently in the Osaka metropolitan area, demand in the Kobe area remains modest with the decrease in cargo volume at the Port of Kobe. Certain facilities in the Kobe area that have had difficulties in securing tenants had a negative impact on the overall market vacancy rate.

Figure 4.2.1 Recent Trend for Vacancy Rates in Osaka Metropolitan Area

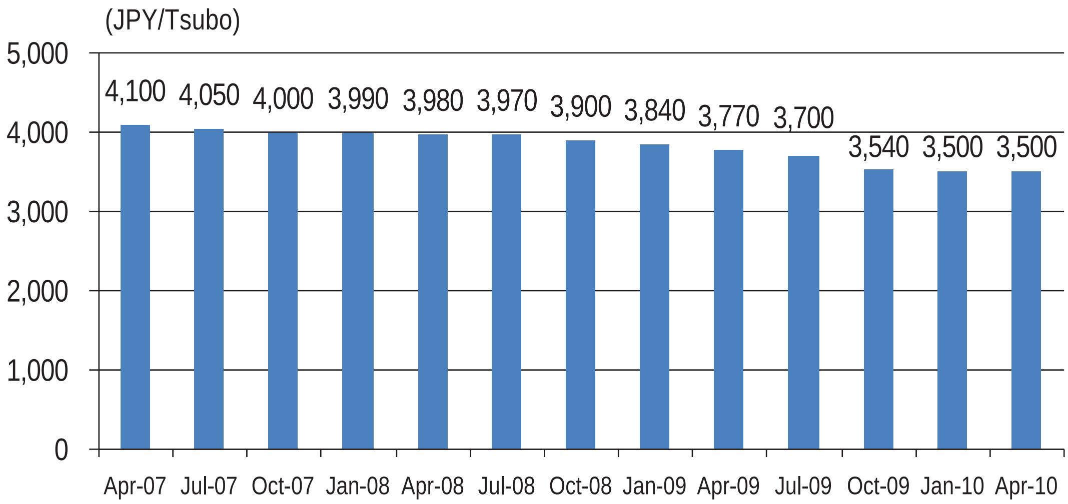



Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more in Osaka metropolitan area (Osaka and Hyogo)

- Rental, Capital Values and Capitalization Rates

After showing a consistent decline since the second half of 2008, rents have remained flat from the beginning of 2010. Average rent for large logistics facilities in the Osaka metropolitan area is ¥ 3,500 per tsubo per month in April 2010 while rent in prime area (e.g. Osaka Bay Area, Suita and Ibaragi) is ¥ 3,600-3,800 per tsubo per month. As the supply and demand balance gradually returns, rents are expected to bottom out in 2010 and a return to rental growth is expected.

Figure 4.2.2 Recent Trend for Average Rents in Osaka Metropolitan Area

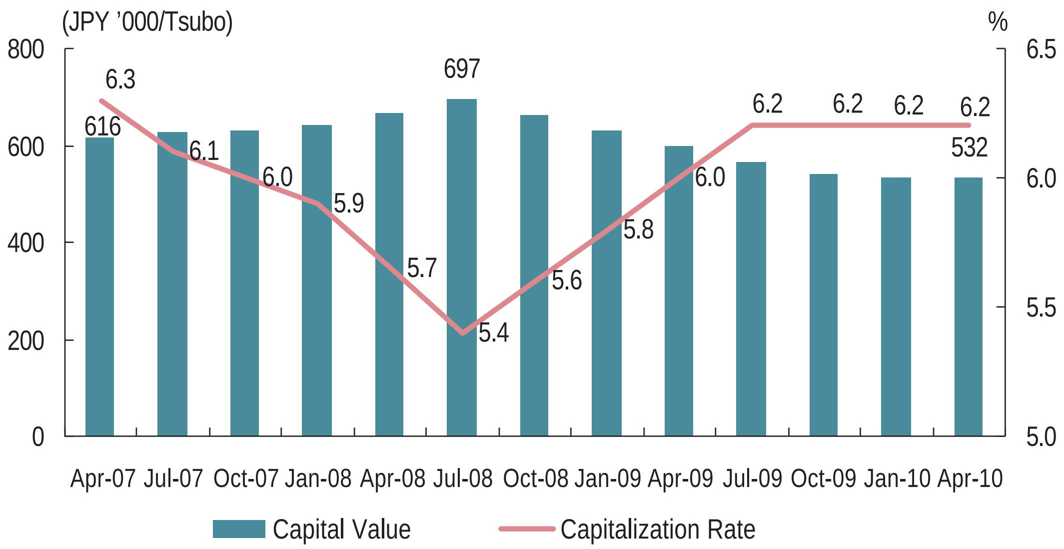



Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 10,000- 30,000 sqm, building age 5-10 years and around 5 years lease contract) in Osaka metropolitan area (Osaka and Hyogo)

Capitalization rates have stabilized for a year since a rapid increase during the global financial crisis. The capitalization rate for large logistics facilities in the Osaka metropolitan area is about 6.2% whereas the capitalization rate is lower for facilities with strong covenants or long leases.

Although the downward trend similar to that seen in other major metropolitan areas since the financial crisis in 2008 is evident, capital values have stabilized since the beginning of 2010, providing strong indication that the market is bottoming out.

Figure 4.2.3 Recent Trend for Average Capital Values in Osaka Metropolitan Area




Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 10,000- 30,000 sqm, building age 5-10 years and around 5 years lease contract) in Osaka metropolitan area (Osaka and Hyogo)

- General Outlook and Opportunities

As minimal supply is scheduled and increasing demand for modern logistics facilities is expected, market balance remains solid. There is virtually no new development planned for modern facilities for lease in Osaka inland area. As such, there are no catalysts for oversupply, and the market is expected to remain stable. On a positive note, an increase in demand in the area is expected to be stimulated by recent moves by major electronics companies such as Sharp and Panasonic, which have opened factories in the Osaka prime area.

## 11.3. Nagoya Metropolitan Area

- Overview

The Nagoya metropolitan area, located in the Chubu and Hokuriku region, is the third largest economic zone in Japan. With a population of approximately 18 million, it accounts for about 28% of Japan's manufactured goods value as it functions as the base for the automobile industry including Toyota.

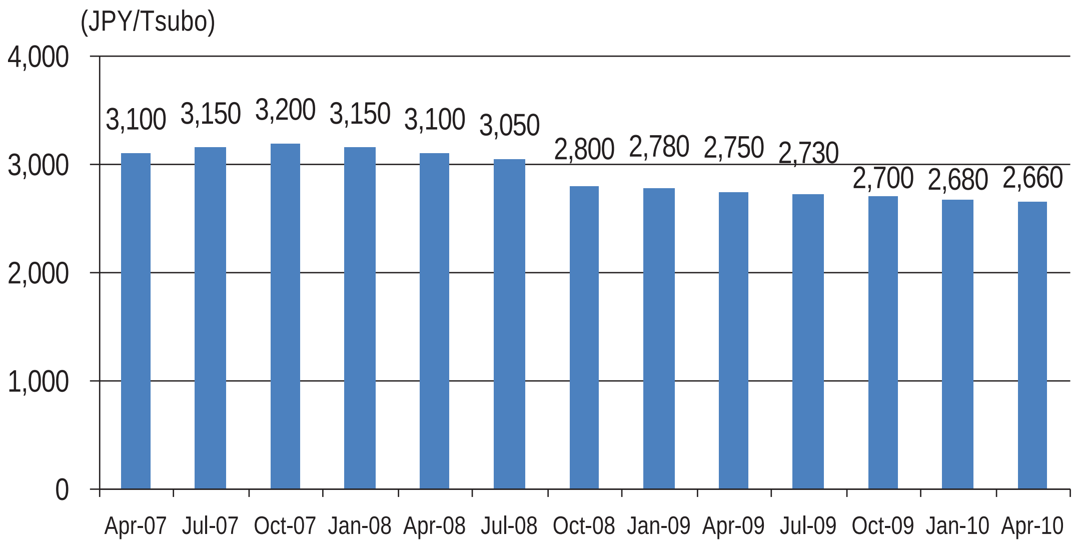
- Supply, Demand and Vacancy

The vacancy rate for large logistics facilities has decreased since 2008. This is partially attributed to a successful move by an existing facility to secure major tenants. However, there are still two significant speculative developments that have not currently been leased up. In general the stock of modern logistics facilities in Nagoya is not very large compared to Tokyo and Osaka. These two buildings have had a significant influence on the vacancy rate in Nagoya. In general, upward pressure on vacancy rates comes from the logistics facilities in the vicinity of the Central Japan International Airport, where the reduced volume in air cargo poses a future concern. With the global economy recovering, the demand for logistics space for air cargo is expected to rebound.

- Rental, Capital Values and Capitalization Rates

Rents in Nagoya metropolitan area continue to hover at below ¥ 3,000 per tsubo per month. There is gradual improvement in the supply-demand balance with average rent for large logistics facilities in the Nagoya metropolitan area at ¥ 2,660 per tsubo per month in April 2010 while the average rent in prime area (e.g. Nagoya Bay Area, and Komaki) is at ¥ 2,800 - 3,000 per tsubo per month.

Figure 4.3.1 Recent Trend for Average Rents in Nagoya Metropolitan Area

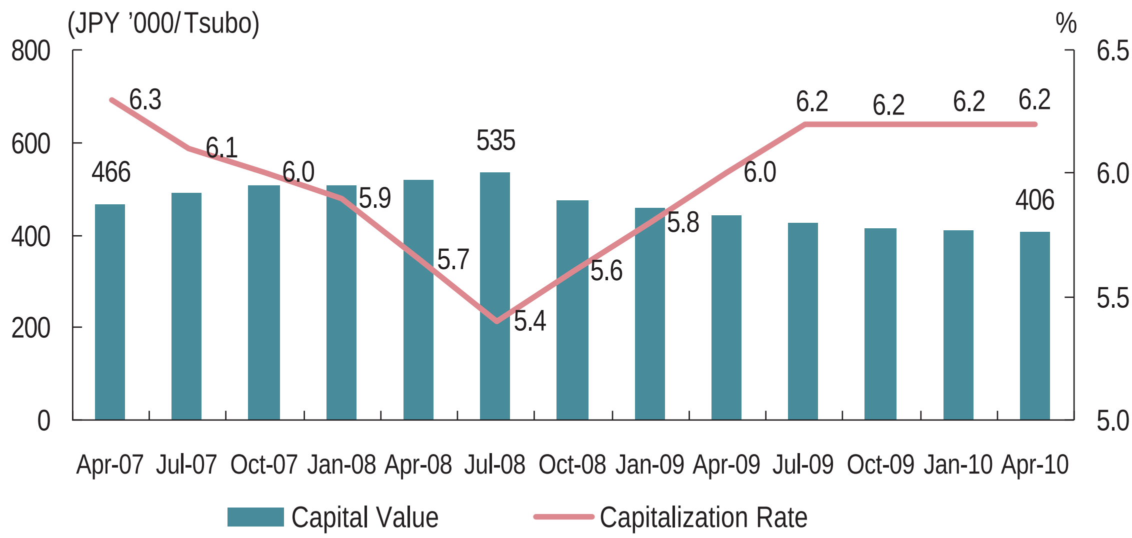



Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 10,000- 30,000 sqm, building age 5-10 years and around 5 years lease contract) in Nagoya metropolitan area (Aichi)

Capitalization rates have been largely stabilized for a year since the rapid increase during the global financial crisis. The capitalization rate for large logistics facilities in the Nagoya metropolitan area is about 6.2% whereas the capitalization rate for leased-up and modern facilities with strong covenants or long leases is typically lower.

Although the downward trend similar to that seen in other major metropolitan areas since the financial crisis in 2008 is evident, capital values have stabilized since the beginning of 2010 with an improving outlook.

Figure 4.3.2 Recent Trend for Average Capital Values in Nagoya Metropolitan Area




Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 10,000- 30,000 sqm, building age 5-10 years and around 5 years lease contract) in Nagoya metropolitan area (Aichi)

- General Outlook and Opportunities

As the main driver of the region's economy is the automobile industry which heavily relied on exports, logistics demand remains weak with the global economic slowdown. However, new supply is limited, and with the expected further recovery of the automobile industry as the global economy rebounds, the leasing market is expected to gradually improve.

## 11.4. Fukuoka Metropolitan Area

- Overview

Fukuoka metropolitan area, located in the Kyushu region, is the fourth largest economic zone in Japan. The region which has a population of approximately 15 million is geographically located closest to Asian countries such as China and Korea.

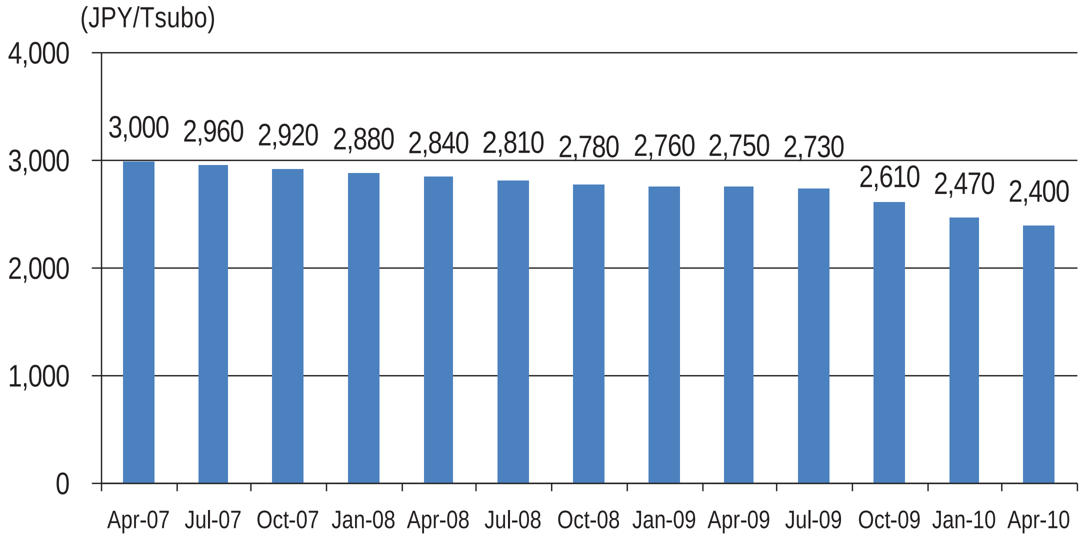
- Supply, Demand and Vacancy

The vacancy rate for large logistics facilities in the Fukuoka metropolitan area (Fukuoka and Saga) was 15.8% as of April 2010, improving continuously since the temporary oversupply against weak demand caused by the economic downturn in 2008. The Fukuoka metropolitan area is a relatively stable market, and has no new supply scheduled in 2010. As several projects have been suspended, the supply-demand balance is expected to improve for the foreseeable future.

- Rental, Capital Values and Capitalization Rates

Rents in Fukuoka metropolitan area have been declining since 2008. Average rent for large logistics facilities in the Fukuoka metropolitan area is ¥ 2,400 per tsubo per month in April 2010 whereas rent in prime area (e.g. Hakata Bay Area) is ¥ 2,800 - 3,000 per tsubo per month. Even with the absence of new supply, the normalization of the supply-demand disequilibrium is anticipated to take longer than that of other metropolitan areas. As a consequence, the leasing market is expected to see a delayed improvement.

Figure 4.4.1 Recent Trend for Average Rents in Fukuoka Metropolitan Area

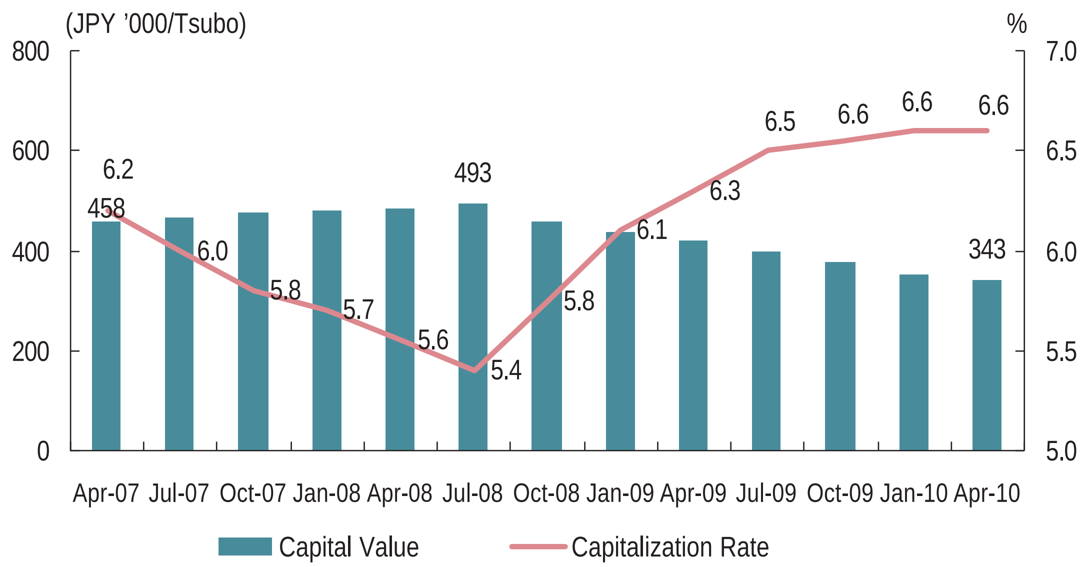



Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 10,000- 30,000 sqm, building age 5-10 years and around 5 years lease contract) in Fukuoka Metropolitan area (Fukuoka and Saga)

Capitalization rates have been largely stable for a year since the rapid increase during the global financial crisis. The capitalization rate for large logistics facilities in the Fukuoka metropolitan area is about 6.6% whereas the capitalization rate is typically lower for modern logistics facilities with high credit tenant and long term contract. Modern logistics facilities are also able to realize lower capitalization rates driven by a more competitive positioning from a leasing perspective.

Capital values, as in other major metropolitan areas after the financial crisis in 2008, are expected to continue their downward trend. The level of capitalization rate expansion has been higher than other metropolitan areas as other metropolitan areas are perceived to be more robust investment markets.

Figure 4.4.2 Recent Trend for Average Capital Values in Fukuoka Metropolitan Area




Source: Jones Lang LaSalle K.K., Logistics Facilities with 5,000 sqm GFA or more (typical property: GFA 10,000- 30,000 sqm, building age 5-10 years and around 5 years lease contract) in north Kyushu area (Fukuoka and Saga)

- General Outlook and Opportunities

The container volume at the Port of Hakata is about one-fourth to one-fifth of major ports, such as the Ports of Yokohama, Nagoya and Tokyo, and the retail catchment area is also smaller than that of the Tokyo metropolitan region and Kansai region. However, the north Kyushu region is geographically well-situated in its close proximity to other Asian locations, demand from tourists and visitors, a unique and positive factor for the logistics sector, is expected to increase.

## SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS

Set out below is a brief overview of the PRC legal framework relevant to the Company in respect of company establishment, foreign investment, acquisition of land and development of construction projects, real estate administration and leasing, employment, major taxes, foreign exchange controls and dividend distribution,

### *Company Establishment and Foreign Investment Laws*

*Company Law, the Wholly Foreign-owned Enterprise Law and the Joint Venture Law*

The establishment, operation and management of corporate entities in China is governed by the Company Law of the PRC (the "Company Law"), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993, and came into effect on July 1, 1994. The Company Law was subsequently amended on December 25, 1999, August 28, 2004, and October 27, 2005. According to the Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The Company Law applies to both PRC domestic companies and foreign-invested companies; however where the Company Law is silent on matters related to foreign invested companies, such matters may be addressed by other PRC laws and regulations.

The establishment procedures, approval procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labor matters of wholly foreign-owned enterprises and equity joint venture enterprises are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (the "WFOE Law") and the Equity Joint Venture Law of the PRC (the "JV Law") respectively. The WFOE Law, which was promulgated by the Standing Committee of the National People's Congress on April 12, 1986, and amended on October 31, 2000, is supplemented by the Implementation Regulation of the Wholly Foreign-owned Enterprise Law, which was promulgated by the National People's Congress on December 12, 1990, and amended on April 12, 2001. The JV Law, which was promulgated by the National People's Congress in July 1979 and amended on April 4, 1990, and May 13, 2001, is supplemented by the Implementation Regulations on the Equity Joint Venture Law of the PRC, which was promulgated by the State Council on September 20, 1983, and amended on January 15, 1986, December 21, 1987, and July 22, 2001.

*The Provisions on Guiding Foreign Investment*

In 1995, the State Planning Commission, the State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Cooperation jointly promulgated the Interim Provisions on Guiding Foreign Investment (the "Interim Foreign Investment Provisions") and the Catalogue for the Guidance of Foreign Investment (the "Foreign Investment Catalogue"), classifying all foreign investment projects into one of four categories: encouraged projects, permitted projects, restricted projects and prohibited projects. On February 11, 2002, the State Council promulgated the Provisions on Guiding Foreign Investment (the "Foreign Investment Provisions"), re-stating the four classifications of foreign investment projects. The Foreign Investment Provisions entered into force on April 1, 2002, and the Interim Foreign Investment Provisions were simultaneously repealed. The Foreign Investment Catalogue has been revised several times since it was first promulgated, with the most significant revisions taking place in 2002, 2004 and 2007. The version of the Foreign Investment Catalogue currently in effect was jointly promulgated by the National Development and Reform Commission and the MOFCOM on October 31, 2007 and came into effect on December 1, 2007.

The purpose of the Foreign Investment Provisions and the Foreign Investment Catalogue is to direct foreign investment into certain priority industry sectors while restricting or prohibiting investment in other sectors. If investment is to be made in an encouraged category, foreign investment can be conducted through the establishment of a wholly foreign owned enterprise. If the investment is to be made in a restricted category, foreign investment may be conducted through the establishment of a wholly foreign owned enterprise if certain requirements are met or in some cases, must be conducted through the establishment of a joint venture enterprise, with varying minimum shareholdings for the Chinese party depending on the particular industry. If the investment is to be made in a prohibited category, foreign investment of any kind is not allowed. Any industry not falling into any of the encouraged, restricted or prohibited categories is classified as a permitted industry for foreign investment.

There is no specific classification in the Foreign Investment Catalogue for investment projects involving the provision of logistics facilities. However, the construction and operation of warehouse facilities related to the transportation industry is classified as an encouraged industry for the purpose of foreign investment. Furthermore, on March 1, 2001, the State Economic and Trade Commission, the Ministry of Railways, the Ministry of Information Technology, the Ministry of Transport, the Ministry of Foreign Trade and Economic Cooperation and the Civil Aviation Administration of China issued the Opinion on the Development and Modernization of Logistics in the PRC which states that the participation by foreign investors in projects involving the construction of logistics centers is to be encouraged.

*Relevant Regulations with respect to the of Foreign Investment*

Relevant Regulations promulgated by the State Council and the Ministry of Commerce

(i) On July 16, 2004, the State Council promulgated the Decision on the Reform of the Investment Sector (the “Investment Reform Decision”), reforming the system of government supervision over enterprise investment. The Investment Reform Decision allows enterprises greater independence in making investment decisions in line with the principle that “the investor makes the investment decisions, reaps the profits and bears the risks”. According to the Investment Reform Decision, government approval is no longer required for projects that are not funded by the government. Instead, a system of ’Authorization’ and ’Record-filing’ will be used based on the following principles: (a) projects not using state funds will only need governmental authorization for important and restricted investment projects relating to public or social interests; (b) other projects without state funds, no matter how large the scale, only need to be put on record, and enterprises are free to make decisions and assume risks on market prospects, economic benefits, sources of capital and product planning.

The appendix to the Investment Reform Decision contains the Catalogue of Investment Projects Authorized by the Government (2004) (the “Authorization Catalogue”). The Authorization Catalogue lists: (a) major and restricted fixed-asset investment projects that are not government funded and that are subject to authorization from relevant government departments; and (b) non-government funded projects invested in by enterprises that are neither covered in the Catalogue nor prohibited by national laws, regulations or the rules set out by the State Council and that need only be put on record. According to the Authorization Catalogue, the following foreign investments need governmental authorization: (i) encouraged and permitted projects as provided in the Foreign Investment Catalogue with total investments (including capital increase) of US$100 million and above are subject to the approval of the National Development and Reform Commission (“NDRC”). Restricted projects as provided in the Foreign Investment Catalogue with total investments (including capital increase) of US$50 million and above are subject to the approval of the NDRC; and (ii) issues related to the establishment and alteration of foreign-invested enterprises which are in excess of prescribed thresholds, or that are restricted from investments or that involve quotas and license management, as well as issues related to material alteration of contracts or articles of association of large-scale foreign-invested projects and material alteration (capital increase and decrease, share transfer and merger) specified by laws shall be subject to the approval of the Ministry of Commerce. Foreign investment projects other than those described above shall be approved by local governments in accordance with relevant regulations.

(ii) On April 6, 2010, the State Council promulgated the Opinions on Further Facilitating the Utilization of Foreign Investment (the "Facilitating Opinions"). According to the Facilitating Opinions, encouraged or permitted projects with total investments (including capital increase) of no more than US$300 million as provided in the Foreign Investment Catalogue are to be approved by the competent local governments, except for those to be approved by the competent department of the State Council as provided by the Authorization Catalogue. Unless explicitly provided by the laws and regulations that the examination and approval be made by the competent department of the State Council, such agency may hand over the matters to be examined and approved by itself to the local government for examination and approval, provided that heightened supervision is practiced.

Pursuant to the Facilitating Opinions, on June 10, 2010, the Ministry of Commerce promulgated the Notice on Issues Related to Delegating Powers on Examination and Approval of Foreign Investment to Authorities at Lower Levels, which stipulates: (a) the department of commerce of provinces, autonomous regions, municipalities directly under the central government, cities specially designated in the State plan, Xinjiang Production & Construction Corps, sub-provincial cities (including Harbin, Changchun, Shenyang, Jinan, Nanjing, Hangzhou, Guangzhou, Wuhan, Chengdu, and Xi'an) and the national economic and technological development zones (the "Local Approval Authorities") are responsible for the examination, approval and administration of the establishment and alteration of foreign-invested enterprises categorized as encouraged or permitted under the Foreign Investment Catalogue with a total investment below US$300 million or categorized as restricted under the Foreign Investment Catalogue with a total investment below US$50 million (the "Investment Limit"). The said Investment Limit shall refer to the amount of registered capital in case of a foreign-invested joint stock company, or the assessed net asset value in the case of a restructured foreign-invested joint stock company, or the transaction value with respect to a foreign investor's takeover of a domestic enterprise; (b) the capital increase shall, if the amount of a single capital increase is below the relevant Investment Limit, be subject to the examination, approval and administration of the Local Approval Authorities; and, (c) the establishment and alteration of a foreign-invested enterprise which is categorized as encouraged and has a total investment above the Investment Limit, but does not merit overall nationwide balance, shall be subject to the examination, approval, and administration of the Local Approval Authorities.

Relevant Regulations promulgated by the NDRC

(i) Pursuant to the Investment Reform Decision, on October 9, 2004, the NDRC promulgated the Provisional Administrative Measures on the Examination and Approval of Foreign Investment Projects (the "Provisional Administrative Measures") which became effective on the date of promulgation. According to the Provisional Administrative Measures, the NDRC shall examine and approve foreign investment projects: (a) with a total investment of US$100 million or more that come within the category of industries in which foreign investment is encouraged or permitted; and (b) those with a total investment of US$50 million or more that come within the category of industries in which foreign investment is restricted. Furthermore, foreign investment projects with a total investment of US$500 million or more that come within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US$100 million or more that come within the category of industries in which foreign investment is restricted are subject to further approval by the State Council based on the examination and approval of the NDRC. Local counterparts of the NDRC have authority to approve projects with total investment less than the above thresholds.

(ii) Pursuant to the Facilitating Opinions On Further Facilitating, on May 4, 2010, the NDRC promulgated the Notice on Delegating Powers on Approval of Foreign Investment Projects to Authorities at Lower Levels, which stipulates (a) encouraged and permitted projects as provided in the Foreign Investment Catalogue with total investments (including capital increase) of no more than US$300 million, which are previously subject to the approval by the NDRC, are now subject to the approval by the provincial development and reform commission, unless otherwise provided by the Authorization Catalogue that they are subject to the approval of the relevant department of the State Council; and, (b) the powers on approving restricted projects as provided in the Foreign Investment Catalogue shall not be delegated to authorities at lower levels for the time being. If any law or regulation of the State or any document of the State Council has special provisions regarding approval of projects, such provisions shall apply.

***Acquisition of Land and Development of a Construction Project***

1. *Acquisition of Land*

Under the Provisional Regulations of the People's Republic of China on the Grant and Transfer of the Land-Use Rights of State-owned Urban Land (the "Provisional Regulations on Grant and Transfer") promulgated by the State Council on May 19, 1990, a system for the assignment of the right to use State-owned land is adopted. A land user shall pay an assignment price to the State as consideration for the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Law of the People's Republic of China on the Administration of Urban Property (the "Urban Property Law") promulgated by the Standing Committee of the National People's Congress, effective on January 1, 1995 and revised in August 2007, and the Provisional Regulations on Grant and Transfer, the land administration authority under the local government of the relevant city or county shall enter into a land grant contract with the land user to provide for the assignment of land use rights. The land user shall pay the assignment price as provided in the land grant contract. After full payment of the assignment price, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use right for a land parcel intended for property development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale promulgated by the MLR on May 9, 2002 and implemented on July 1, 2002, land for commercial use, tourism, entertainment and commodity housing development shall be granted by means of tender, public auction or listing-for-sale. Likewise, the Circular of Relevant Issues on the Transfer System of Bidding, Auction and Listing of Industrial Land which was issued on April 4, 2007, requires that all grants and leases of industrial land must be completed by means of tender, public auction or listing-for-sale. A tender of land use rights means the relevant land administration authority (the "Assignor") issues a tender announcement inviting individuals, legal persons or other organizations (whether specified or otherwise) to participate in a tender for the land use rights of a particular parcel of land. The land user will be determined according to the results of the tenders. An auction for land use rights is where the Assignor issues an auction announcement, and the bidders can, at specified time and location, openly bid for a parcel of land. A listing-for-sale is where the Assignor issues a listing-for-sale announcement specifying the land grant conditions and inviting bidders to list their payment applications at a specified land exchange within a specified period. The procedures for tender, auction and listing-for-sale may be summarized as follows (for the purpose of the summary, the participant in a tender, auction or listing for sale is referred to as a "Bidder"):

(a) The land authority under the government of the city and county (the "Assignor") shall announce at least 20 days prior to the day of competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars of the land parcel, qualification requirements for Bidders, the methods and criteria for selection of the winning Bidder and certain conditions such as the deposit for the bid.

(b) The Assignor shall conduct a qualification verification of the bidding applicants and inform the applicants who satisfy the requirements of the announcement to attend the competitive bidding, public auction or listing-for-sale.

(c) After determining the winning Bidder by holding a competitive bidding, public auction or listing-for-sale, the Assignor and the winning Bidder shall then enter into a confirmation. The Assignor should refund the other applicants their deposits.

(d) The Assignor and the winning Bidder shall enter into a land grant contract for the assignment of State owned land use rights at a time and venue set out in the confirmation. The deposit for the bid paid by the winning Bidder will be deemed part of the assignment price for the land use rights.

(e) The winning Bidder should apply to register the land registration after paying the assignment price. The people's government at the municipality or county level or above should issue the land use rights certificate.

On June 11, 2003, the MLR promulgated the "Regulations on the Grant of State-owned Land Use Rights by Agreement". According to these regulations, if there is only one entity interested in using the land, the land use rights (excluding land use rights for business purposes including commercial, tourism, entertainment and residential commodity properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction or listing-for-sale.

Under the Urgent Notice of Rigorously Strengthening the Administration of the Land, the land authority should rigidly execute the "Model Text of the State-owned Land-Use Rights Grant Contract" and "Model Text of the State-owned Land-Use Rights Grant Supplementary Agreement (for Trial Implementation)" jointly promulgated by the MLR and the SAIC. The documents relating to the assignment of land should specify the requirements for planning, construction and land use such as relevant restrictions on the structure size and plot ratio, and the time limit for the commencement and completion of construction. All these requirements should be set forth in the land grant contract.

On September 21, 2007 the MLR promulgated the Rules Regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale which came into force on November 1, 2007. The rules stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the assignment of State-owned land use rights by competitive bidding, public auction or listing for sale. The rules clearly state that the grant of land for industrial use must also be by means of competitive bidding, public auction or listing for sale.

The Measures on the Administration of Reserved Land, promulgated by the MOF, the PBOC and the MLR on November 19, 2007, define "reserved land" and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. Moreover, the measures make it clear that land must be reserved in accordance with corresponding land programs or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under-utilized.

In November 2009, the MOF, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grants. The Notice raises the minimum down-payment for land premiums to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. Any property owner defaulting on any such payment may not participate in any new transactions of land grant.

2. *Development of a Construction Project*

a) *Commencement of development and idle land*

Under the Urban Property Law, those who have obtained the land use rights by assignment must develop the land in accordance with the use and period of commencement as prescribed by the land grant contract. According to the Measures on Disposing Idle Land promulgated by the MLR on April 28, 1999, a parcel of land can be defined as idle land under any of the following circumstances:

(i) After obtaining the land use rights, the development and construction of the land has not begun within the time limit for commencement of the development as stipulated in the land grant contract without the consent of the people's government that originally approved the use of the land;

(ii) The land grant contract does not stipulate or the Approval Letter on Land Used for Construction does not prescribe the starting date of the development and construction; or the development and construction of the land has not begun within one year of the date the land grant contract became effective or the date the relevant department of land issued the Approval Letter on Land Used for Construction;

(iii) The development and construction of the land has begun, but the area of the development and construction is less than one third of the total area to be developed and constructed, or the invested amount is less than 25% of the total amount of investment, and the development and construction has been continuously suspended for one year or more without approval; or

(iv) Other circumstances prescribed by laws and administrative regulations.

The municipality or county-level municipality administrative authority shall, with regard to an identified piece of idle land, give notice to the land user and draft a proposal for the disposal of idle land, including but not limited to, extending the time period for development and construction (provided that it shall be no longer than one year), changing the use of the land, arranging for temporary use and ascertaining the new land user by means of competitive bidding, public auction or listing-for-sale. The administrative department of land under the people's government at the municipality or county level shall, after the people's government that originally approved the use of the land approves the proposal on disposal, arrange for the implementation of the proposal. With respect to assigned land that is within the scope of city planning, if the construction work has not yet started after one year from the granting of the relevant approvals, since the duration in which construction may be commenced has elapsed, a fine for idle land which is equivalent to less than 20% of the assignment price may be imposed on the land user. If the construction work has not begun after two years have elapsed, the right to use the land can be taken back by the State without any compensation. However, the above sanctions shall not apply when the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction.

On January 3, 2008, the State Council promulgated the Circular on Conservation of Intensive Land Use (Guo Fa (2008) No. 3), which seeks to:

(i) Examine and adjust all ranges of site planning and land use standards in line with the principle of economic and intensive land use. Project designs, construction and approval of construction shall all be subject to stringent land use standards.

(ii) Urge all localities to enforce policies for the disposal of idle land. Where a piece of land has been idle for two full years and may be retrieved unconditionally as statutorily required, such land shall be retrieved and arrangements for its use shall be made; where a piece of land has been idle for one year but less than two years, an idle land charge valued at 20% of the land assignment premium shall be levied on the land user.

(iii) Vigorously guide the use of unused and abandoned land and encourage the development and utilization of aboveground and underground space.

(iv) Strictly implement the tender, auction and listing-for-sale regime for land intended for industrial and business purposes. Where the total land premium is not paid in full in compliance with contractual agreement, the land use certificate shall not be issued, nor shall it be issued in proportion to the ratio between the paid-up land premium and the total land premium.

(v) Strictly prohibit unauthorized conversion of agricultural land into construction land.

(vi) Strengthen supervision and inspection of intensive land use conservation.

(b) *Planning of a construction project*

According to the Measures for Planning Administration of the Grant and Transfer of the Right to Use Urban State-owned Land promulgated by the MOC on December 4, 1992 and implemented on January 1, 1993 and the Notice of the Ministry of Construction on Strengthening the Planning Administration of the Grant and Transfer of the Right to Use State-owned Land promulgated by the MOC on December 26, 2002, after signing the land grant contract, a property owner shall apply for a project survey and a construction land planning permit from the city planning authority. After obtaining a construction land planning permit, a property owner shall organize the necessary planning and design work in accordance with planning and design requirements and apply for a construction works planning permit from the city planning authority.

The Urban and Rural Planning Law of the PRC, promulgated by the Standing Committee of the National People's Congress in October 2007 which became effective in January 2008, provides regulations with respect to the formulation, implementation, modification, control, supervision and related legal liability of measures aimed at curbing problems that may arise as a result of conflicts between city and rural construction developments. The scope of the measures includes the planning, layout and construction of cities, towns with administrative status, market towns and villages. In order to effectively prevent construction that is in breach of rules and regulations, the Urban and Rural Planning Law stipulates that where any construction project is commenced without obtaining a Construction Land Planning Permit, or where a Construction Land Planning Permit has been obtained but construction has not proceeded in accordance with that permit, the Urban and Rural Planning Department at the county level or above may issue an order to cease construction. In the case that the construction can be remedied to conform to the relevant planning rules, an order can be made to rectify the construction in a prescribed period of time and a fine totaling between 5% to 10% of the total construction cost may be imposed. Where the construction cannot conform to relevant planning rules, an order for its demolition will be issued or, where demolition is not possible, the property and/or illegal income derived from the property will be confiscated and a fine totaling 10% or less of the construction cost will be imposed.

(c) *Project construction*

According to the Measures for the Administration of Construction Permits for Construction Projects promulgated by the MOC on October 15, 1999 and as amended and implemented on July 4, 2000, after obtaining the construction works planning permit, a property constructor shall apply for a construction works commencement permit from the construction authority under the local people's government at the county level or above. The Notice Regarding the Strengthening and Regulation of the Management of New Projects, promulgated by the General Office of the State Council on November 17, 2007, strictly regulates the conditions for commencing investment projects, establishes a mechanism for the coordination of government departments regarding new projects, and strengthens the statistics and information management while intensifying the supervision and inspection of new projects.

(d) *Completion of a construction project*

According to the Development Regulations and the Regulation on the Quality Management of Construction Projects promulgated by State Council on January 30, 2000, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure promulgated by the MOC in April 7, 2000 and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure promulgated by the MOC on June 30, 2000, after the completion of construction works of a construction project, the construction project must receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities, and the owner of the construction project shall organize a completion inspection to this construction project. Once the construction project is able to be accepted after the said completion inspection, the owner of the construction project shall prepare the Report on Completion Inspection for the construction project accordingly. Thereafter, the owner of the construction project shall submit the Report on Completion Inspection for the construction project together with other required documents to the relevant competent governmental authority in charge of construction for the filing of the completion inspection of the construction project. Once the said filing of the completion inspection has been completed, a Filing Form of Completion Inspection confirmed by the competent governmental authority in charge of construction will be obtained by the owner of the construction project.

According to the Notice on Further Strengthening the Quality Supervision and Management of Construction Projects promulgated by the MOC on April 14, 2009, the legal regulatory framework and the supervision system in respect of quality supervision and completion acceptance examination shall be further improved.

*Real Property Administration and Leasing*

The Urban Property Law aims to strengthen the administration of real property located in cities, protect the real property market, guarantee the legal rights and interests of real property holders and promote the sustained development of the real property industry. “Real property transactions” are defined in the Urban Property Law as including the sale or mortgage of real property and the lease of buildings and structures constructed on land. At the time real property is sold or mortgaged, legal title to the buildings and the land use rights to the underlying land on which such buildings are situated are also sold or mortgaged. Accordingly, the Urban Property Law provide that where legal title to a building is lawfully obtained, the title holder may mortgage the land use rights to the land on which such building is situated. The land use rights certificate and the building title certificate are required for the creation of a mortgage over real property, and the mortgage must be evidenced in a written agreement between the mortgagor and mortgagee. All mortgages over real property must be registered with the relevant authorities designated by local government at county level or above. Where buildings and land use rights are forfeited pursuant to a mortgage agreement, registration of transfer of ownership must be completed in compliance with the Urban Property Law.

According to the Contract Law of the PRC, which was promulgated by the National People’s Congress on March 15, 1999, a lease contract is defined as an agreement whereby a lessor agrees to deliver and hand over possession of moveable or real property for the use and benefit of the lessee in consideration of rent to be paid by the lessee to the lessor. Under the Urban Property Law and the Measures for Administration of Leases of Property in Urban Areas promulgated by the MOC on May 9, 1995 and with effect from June 1, 1995, the parties to a lease of a building shall enter into a written lease contract. A system has been adopted to register the leases of buildings. When a lease contract is signed, amended or terminated, the parties shall register the details with the property administration authority under the local government of the city or county in which the building is situated.

Based on the Urban Property Law and other relevant laws and regulations, provincial governments across the PRC have promulgated local regulations to standardize the property leasing procedures, protect the lawful rights and interests of lessors and lessees, and maintain order in the property leasing market. Local regulations require that property lease agreements must include the following information: the names and addresses of the parties to the lease; details of the location, total area, structure type, ancillary facilities and equipment to be leased; the use of the building; the completion date of the building; the term of the lease; the amount, method of payment and time of payment of the rent; the use and the party responsible for maintenance of the leased building; the prescribed condition of the building at the expiration of the lease term; liability for breach of the lease; method of dispute resolution; and other matters determined by the parties.

***Insurance, Workplace Safety and Environmental Laws***

1. *Insurance*

There are no mandatory provisions under PRC laws, regulations and government rules which require a logistics facilities provider to take out insurance policies. According to common practice in the industry in China, construction companies are usually required to submit insurance proposals in the course of tendering the bidding for construction projects. Construction companies must pay the insurance premium at their own cost and take out insurance to cover their liabilities, and the insurance coverage will cease immediately after the completion and acceptance upon inspection of construction. In addition, PRC commercial banks may require a logistics facilities provider to purchase insurance if the commercial bank intends to grant a development loan to the enterprise.

2. *Construction Safety*

Under relevant laws and regulations such as the Laws for Safe Production in the PRC promulgated by the Standing Committee of the National People's Congress in November 2002, the construction companies should apply to the supervisory organ on safety for the registration of supervision for work safety in construction before the commencement of construction. Constructions without such registration will not be granted a construction works commencement permit by the supervisory body. Contractors for the construction should establish the objectives and measures for work safety and improve the working environment and conditions of workers in a planned and systematic way. A work safety protection scheme should also be set up to carry out the work safety job responsibility system. At the same time, contractors should adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

Under the Construction Law of the People's Republic of China, the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor.

3. *Environmental Protection*

Under the requirements of the relevant laws and regulations such as the Appraisal Measures for the Impact on the Environment Law of the PRC implemented by the Standing Committee of the National People's Congress in September 2003, and the Regulations Governing Environmental Protection of Construction Projects implemented by the State Council in November 1998, construction enterprises must carry out an appraisal of the impact the construction project will have on the environment. The relevant project shall not commence until approval is obtained from the supervisory body for environmental protection. While the project is in progress, the property owner and constructor should also enforce the appraisal documents relating to the impact on the environment and implement the environmental protection measures suggested in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the project, the property owner should apply to the supervisory body for environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted may go into operation or be available for use.

***Major Taxes***

1. *Income tax*

According to the Income Tax Law of The People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises which was promulgated by National People's Congress on April 9, 1991 and implemented on July 1, 1991 and its detailed rules promulgated by State Council on June 30, 1991, the income tax on enterprises with foreign investment shall be computed on the taxable income at the rate of 30%, and local income tax shall be computed on the taxable income at the rate of 3%.

Pursuant to the Provisional Regulations of the People's Republic of China on Enterprise Income Tax issued by the State Council on December 13, 1993 and enforced on January 1, 1994 and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Enterprise Income Tax issued by the MOF on February 4, 1994, the income tax rate applicable to Chinese enterprises other than foreign-invested enterprises and foreign enterprises is 33%.

According to the PRC Enterprise Income Tax Law (the "EIT Law") enacted by the National People's Congress on March 16, 2007 and enforced from January 1, 2008 onwards, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. The Income Tax Law of The People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises and the Provisional Regulations of the People's Republic of China on Enterprise Income Tax were thereby annulled.

Pursuant to the provisions of the State Council, enterprises established prior to the promulgation of the EIT Law that enjoyed preferential tax rates in accordance with relevant tax laws and administrative regulations may, during a five year transition period beginning on the date the law came into effect, gradually move to the tax rate provided by the EIT Law. Fixed period tax exemptions and reductions may continue to apply to eligible enterprises even after the expiry of the implementation period of the EIT Law. According to the Notice of the State Council on the Implementation of the Transitional Preferential Policies of Enterprise Income Tax (the "EIT Transitional Policies"), during a transition period of five years from the implementation of the EIT Law, the preferential tax rate for eligible enterprises shall gradually transform to the tax rate established by the EIT Law. For enterprises whose enterprises income tax rate was 15%, the tax rate shall be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012. For enterprises whose enterprises income tax rate is 24%, the tax rate shall be 25% from 2008. From January 1, 2008, enterprises that were eligible for tax exemptions and reductions such as "exemption for the first two years and half deduction for the following three years" may continue to enjoy such preferential policies pursuant to previous tax laws and regulations until the expiry of such preferential policies. Where such enterprises fail to derive any profits and therefore do not benefit from the preferential treatment, the preferential period shall commence in 2008.

The EIT Law and relevant implementing regulations provide that withholding tax at the rate of 10% is applicable to dividends and other distributions payable to shareholders who are "non-resident enterprises". The EIT Law defines "non-residential enterprises" as enterprises that do not have an establishment or place of business in China, or that do have such an establishment of place of business but the relevant income is not connected with the establishment or place of business. Relevant international treaties provide that withholding tax at the reduced rate of 5% is applicable to dividends payable to beneficial owners of our PRC subsidiaries who are non-resident enterprises domiciled in Barbados or Hong Kong and own more than 25% of the equity interest of the PRC subsidiaries.

2. *Business tax*

Pursuant to the Interim Regulations of the People's Republic of China on Business Tax promulgated by the State Council on December 13, 1993, amended on November 5, 2008, and implemented on January 1, 2009, and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Business Tax issued by the MOF on December 25, 1993 and amended and implemented on January 1, 2009, the tax rate applicable to the transfer of real properties, their superstructures and attachments is 5%. Business tax of 5% is also applicable to rental income and other relevant property management service income.

3. *Deed tax*

Pursuant to the Interim Regulations of the People's Republic of China on Deed Tax promulgated by the State Council on July 7, 1997 and implemented on October 1, 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be subject to the payment of deed tax. The rate of deed tax is 3% to 5%. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and the SAT for the record.

4. *Urban land use tax*

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and amended on December 31, 2006, land use tax in respect of urban land is levied according to the area of relevant land. As of January 1, 2007, the annual tax on every square meter of urban land collected from foreign-invested enterprises shall be between RMB0.6 and RMB30.0.

5. *Property tax*

Under the Interim Regulations of the People's Republic of China on Building Tax promulgated by the State Council on September 15, 1986 and implemented on October 1, 1986, property tax shall be levied at 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

According to the Circular Concerning the Levy of Building Tax on Foreign Enterprises and Foreigners promulgated by the Ministry of Finance on January 12, 2009, and the Circular Concerning the Implementation of the Levy of Property Tax on Foreign-Invested Enterprise and Foreign Individuals issued by the SAT on January 6, 2009, from January 1, 2009, domestic and foreign-invested enterprises and foreign individuals will all be subject to the Interim Regulations of the People's Republic of China on Property Tax.

6. *Stamp duty*

Under the Interim Regulations of the People's Republic of China on Stamp Duty promulgated by the State Council on August 6, 1988 and implemented on October 1, 1988, for property transfer instruments, including those in respect of property ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

On October 22, 2008, the MOF and the SAT issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading and temporarily exempted stamp duty for individuals selling or buying houses starting from November 1, 2008.

7. *Municipal maintenance tax*

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax promulgated by the State Council on February 8, 1985, any taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises issued by the SAT on February 25, 1994, the municipal maintenance tax shall not be applicable to foreign invested enterprises with foreign investment until further notice is issued by the State Council.

8. *Direct and indirect transfer of interest in PRC companies*

The Chinese State Administration of Taxation ("SAT") issued a circular Guoshuihan 2009 No. 698 ("Circular 698") on December 10, 2009. Circular 698, which is effective retroactively from January 1, 2008, addresses tax filing requirements of non-Chinese tax residents from their transfers of equity in Chinese resident enterprises (excluding the stocks of Chinese resident enterprises which are purchased and sold on open securities markets). More importantly, the Circular also sets out certain reporting requirements in respect of indirect transfers of equity in Chinese resident enterprises by foreign investors. An indirect transfer occurs when a foreign investor sells the equity in its offshore holding company, which directly or indirectly owns equity of a Chinese tax resident enterprise. Circular 698 also asserts the Chinese tax authorities' right to invoke China's general anti-avoidance rules to disregard the existence of the offshore holding company if the organization structure serves no reasonable commercial purpose and the intention is to avoid taxation obligations in China.

9. *Withholding tax on dividends and interest*

Passive income (such as dividends, royalties and interest) that a non-resident enterprise generates in China is generally subject to 10% Chinese withholding tax, unless a reduced treaty rate applies. Under the tax treaties or arrangements between China and certain tax treaty partners, a reduced tax rate (e.g., 5%, 6% or 7%) may apply with respect to dividends, royalties or interest, as applicable, if the recipient is a "beneficial owner" of such income. On October 27, 2009, the SAT released a circular Guoshuihan [2009] No. 601 ("Circular 601"), which provides guidance for the determination of "beneficial ownership" for the purpose of claiming China's Double Tax Agreement ("DTA") benefits by residents of treaty jurisdictions in respect of dividends, royalties, and interest (as defined under the relevant DTA).

According to Circular 601, a "beneficial owner" is a person who has the right of ownership and disposition of the income or the rights or property that generates such income. A "beneficial owner" must generally engage in substantive business activities. A "beneficial owner" can be an individual, a corporation or any other type of organization, but excludes "agents" or "conduit companies". A "conduit company" is defined as a company that is established for the purpose of avoiding or reducing tax, or shifting or accumulating profits elsewhere. Such a company may be registered in the country of its formation in compliance with the legal requirements in that country, but does not carry out substantive business activities such as manufacturing, distribution and management. When determining whether a non-resident claiming treaty benefits is the "beneficial owner" of the dividend, royalty or interest income, China's tax authorities would consider the specific facts and circumstances of each case, taking into consideration the objectives of the tax treaties (e.g., avoiding double taxation as well as preventing fiscal evasion), and follow the "substance over form" principle.

10. *Education surcharge*

Under the Interim Provisions on the Imposition of the Education Surcharge promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990 and August 20, 2005, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall pay an education surcharge, unless such taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas. Under the Supplementary Notice Concerning Imposition of Education Surcharge issued by the State Council on October 12, 1994, the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises issued by the SAT on February 25, 1994, the education surcharge shall not be applicable to enterprises with foreign investment until further notice is issued by the State Council.

***Employment***

1. *The Labor Contract Law*

The Labor Contract Law of the PRC was promulgated by the Standing Committee of the National People's Congress on June 29, 2007, and came into effect on January 1, 2008. The Labor Contract Law is primarily aimed at the regulation of employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Under the Labor Contract Law, (a) employers must pay employees double income in circumstances where an employer fails to enter into an employment contract within one year with an employee who works for the employer for a period exceeding one month. Where such period exceeds one year, the parties are deemed to have entered into a labor contract with an unfixed term; (b) employees who fulfill certain criteria, including having worked for the same employer for 10 years or more, may demand that the employer execute a labor contract with an unfixed term; (c) employees must adhere to regulations concerning commercial confidentiality and non-competition; (d) the range of situations in which employers must lawfully compensate employees has increased; (e) an upper limit has been set on the amount of compensation an employer may seek for an employee's breach of the agreed service term. The upper limit may not exceed the cost of training supplied to the employee; (f) employees in respect of whom employers have not in accordance with law made social insurance contributions may terminate their employment contracts; (g) employers who demand money or property from employees by way of guarantee or whatsoever may be fined a maximum of RMB2000 for each employee; and (h) employers who intentionally deprive employees of any part of their salary must, in addition to their full salary, pay employees compensation in the order of 50% to 100% of the amount of salary so deprived.

2. *Law on Employment Promotion*

The Law of the People's Republic of China on Employment Promotion (the "Law on Employment Promotion") was promulgated by the Standing Committee of the National People's Congress on August 30, 2007, and came into effect on January 1, 2008. The Law on Employment Promotion contains provisions on employment issues including policy support, fair employment, employment services and management, and vocational education and training. More particularly, the Law on Employment Promotion (a) states explicitly that discriminatory employment practices should not be adopted and, in circumstances where such practices are adopted, employees have the right to launch a suit with the People's Court; (b) provides that public employment service agencies established by the People's Government at county level or above should provide employees free services such as consultation on employment policies and laws and regulations, vocational training and placement, and price guidance for market wages; (c) perfects an employment and unemployment registration system, stipulating that employers must complete employment registration with public employment service agencies for employees after they have been recruited; while employees who are individual operators or engaged in unfixed jobs may conduct employment registration with community public employment service agencies, and shall be entitled to applicable support policies upon registration.

***Rules on Foreign Exchange and Dividend Distribution***

1. *The Foreign Currency Administration Rules*

The principal regulation governing foreign currency exchange in the PRC is the Foreign Currency Administration Rules which was issued by the State Council in January 1996, became effective in April 1996 and was amended in January 1997 and August 2008. Under these rules, Renminbi is freely convertible for payments of current account items, including trade and service related foreign exchange transactions and dividend payments, but not for capital account expenses, including direct investment, loan or investment in securities outside the PRC. Renminbi may only be converted for capital account expenses once the prior approval of SAFE has been obtained. Under the Foreign Currency Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. They may also retain foreign exchange (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign invested enterprises to purchase and retain foreign currencies in the future. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from SAFE.

2. *Regulation on Dividend Distribution*

The principal laws and regulations governing distribution of dividends paid by foreign invested enterprises in the PRC include (a) the Company Law; (b) the WFOE Law and its implementing regulations; and (c) the JV Law and its implementing regulations. Under the above laws and regulations, domestic companies and foreign-invested enterprises in the PRC may pay dividends only from accumulated after-tax profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, such enterprises are required to set aside at least 10% of their after-tax profits each year, if any, to fund certain reserve funds. Until such time as the accumulated reserve funds reach and remain above 50% of the enterprise's registered capital amount, these reserves are not distributable as cash dividends. Under the relevant PRC law, no net assets other than the accumulated after-tax profits can be distributed in the form of dividends.

## SUMMARY OF RELEVANT JAPANESE LAWS AND REGULATIONS

The following is a brief overview of the Japanese legal framework relevant to the Company, addressing principally the specific Japanese law governing Tokutei Mokuteki Kaisha ("TMKs") (as explained below), Japanese general corporate law, laws concerning real property in Japan, and Japanese employment and labor law and foreign exchange regulations.

***TMK LAW***

*Overview*

Our operations in Japan rely heavily on structures using TMKs, which are special-purpose securitization vehicles established under the Law concerning the Liquidation of Assets of Japan (Law No. 105 of 1998) (the "TMK Law"). Each of the real property assets constituting the Japan Portfolio is owned by a single TMK (with some TMKs owning more than one real property asset) either through direct ownership (shoyu-ken) or trust beneficial interests (shintaku jueki-ken).

Under the TMK Law, TMKs are authorized to procure funds by issuing "asset backed securities" which are defined to include specified bonds ("TMK Bonds") and preferred equity. TMKs also issue specified equity, which does not constitute "asset backed securities" under the TMK Law. In our operations, each TMK applies its procured funds to the acquisition of either direct ownership or trust beneficial interests in one or more real property assets. Assets acquired by a

TMK and used to back its asset backed securities are defined as "specified assets" under the TMK Law. If the specified assets take the form of direct ownership interests in real property, the TMK will be required to outsource the management and operation of the specified assets to an asset manager.

TMKs are prohibited under the TMK Law from engaging in any business other than so-called "liquidation of assets" and ancillary business in accordance with an asset liquidation plan (shisan ryudoka keikaku, an "ALP"). For this purpose "liquidation of assets" is defined in the TMK Law as a series of transactions involving: (i) acquisition of assets using funds procured through issuance of asset backed securities or specified purpose loans, as described below, and (ii)(a) performance of obligations under TMK Bonds or specified purpose loans or certain other debts (if any) and (b) distribution of profits or residual assets to preferred equity-holders or acquisition of preferred equity for cancellation, with all cash payments to be made using funds obtained through management and disposition of such assets.

***Notification***

Prior to commencement of business relating to liquidation of assets, i.e., prior to either purchase of specified assets or solicitation of offers to purchase asset backed securities, a TMK must file with the competent Local Finance Bureau of the Ministry of Finance of Japan a notification of commencement of business, together with certain attachments, including the ALP.

***Asset Liquidation Plan***

A TMK must conduct its operation in accordance with the ALP. As stated above, the ALP must be filed with the competent Local Finance Bureau of the Ministry of Finance of Japan before the TMK commences business relating to liquidation of assets.

The ALP is required under the TMK Law to set forth, among others: (i) a scheduled term; (ii) details of any asset backed securities to be issued and any specified purpose loans to be extended to the TMK; (iii) details identifying the specified assets, the acquisition date and the name of the seller(s); (iv) details of the management company, if any, and the method of management and disposition of the specified assets; (v) details of loans other than specified purpose loans (e.g., bridging loans) to be extended to the TMK and (vi) other related items.

In practice, any amendment to an ALP generally requires prior consent of all equity-holders, holders of TMK Bonds (if TMK Bonds have been issued) and lenders of specified purpose loans (if specified purpose loans have been extended). In the case of any amendment to the ALP, such amended ALP must also be filed with the competent Local Finance Bureau of the Ministry of Finance of Japan.

***Specified Equity and Preferred Equity***

A TMK must issue specified equity and may issue preferred equity, which may be of more than one class. Holders of preferred equity generally have priority over holders of specified equity in terms of receiving distributions of profit and/or residual assets of the TMK, but the scope of their voting rights is substantially restricted, as described below. Although a TMK may not restrict transfer of preferred equity, transfer of specified equity is always subject to approval of the TMK. A TMK may redeem (i.e., buy back and cancel) its preferred equity, with a consequent reduction of capital in the amount raised through issuance of preferred equity, subject to compliance with certain requirements under the TMK Law intended among others for protection of creditors of the TMK; while reduction of capital in respect of amounts raised through issuance of specified equity is permitted only in order to compensate for losses.

***TMK Bonds and Specified Purpose Loan***

A TMK may issue TMK Bonds, which due to certain tax reasons are generally issued to qualified institutional investors. The TMK Law grants to holders of TMK Bonds the right to receive all payments due in relation to such TMK Bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest, or "ippan tanpo". Unless otherwise provided in the ALP, such general security interest is automatically created by operation of law.

In addition to funds procured through the issuance of TMK Bonds, the TMK may borrow funds to finance the acquisition of the specified assets from a bank or other qualified institutional investor, with any such borrowing referred to as a "specified purpose loan".

***Organization and Management***

*General meeting of equity-holders*

A TMK holds its ordinary general meeting of equity-holders within three months after the end of each fiscal year. In addition, a TMK may hold an extraordinary general meeting of equity-holders whenever necessary. A general meeting of equity-holders has the power and authority to resolve any matters provided for in the TMK Law, as well as matters concerning its organization, operations, administration and any other matters relating to the TMK. Holders of specified equity have voting rights in respect of all matters which may be resolved at the general meeting of equity-holders, while holders of preferred equity have voting rights only in respect of certain limited matters, as specified under the TMK Law and the articles of incorporation of the TMK. A holder of equity in a TMK is generally entitled to one vote per one unit on any matter on which such holder is entitled to vote. Except as otherwise provided by the TMK Law or the articles of incorporation of the TMK, general meetings of equity-holders adopt resolutions upon approval by a majority of the voting rights represented at the meeting and entitled to vote, with a quorum consisting of a majority of total voting rights entitled to vote.

*Directors, Statutory Auditors and Accounting Auditors*

A TMK must have at least one director, and each director of the TMK has authority to conduct the operations of the TMK. Further, each director has authority to represent the TMK, unless a representative director or other person who represents the TMK is otherwise designated. If there are two or more directors, determinations with respect to the TMK's operations are made by a majority of directors.

A TMK must also appoint at least one statutory auditor who audits the conduct of their duties by the directors. If the statutory auditors find that any director has or is likely to engage in misconduct, or find any violation of law or regulation, the ALP or the articles of incorporation or any grossly improper facts, they are required to report the same to the other directors (or if there are no other directors, to the general meeting of equity-holders) without delay.

Additionally, if the TMK issues preferred equity or there are certain other circumstances, the TMK must appoint an accounting auditor who audits the financial statements of the TMK and the supplementary schedules thereto. The accounting auditor must be a certified public accountant or an accounting firm. If the accounting auditor in the course of performance of its duties detects in connection with the execution of the duties of the directors any misconduct or any material facts in violation of law or regulation, the ALP or the articles of incorporation, the accounting auditory must report the same to the statutory auditors without delay.

Directors, statutory auditors and accounting auditor are appointed, and may be dismissed at any time, by the general meeting of equity-holders. Unless provided in the articles of incorporation, the term of office for directors and statutory auditors is indefinite. The term of office for the accounting auditor is one year but the accounting auditor shall be deemed re-elected unless otherwise resolved at the ordinary general meeting of equity-holders.

*Mandatory Outsourcing of Operations*

Under the TMK Law, a TMK is generally required to outsource the management and disposition of its specified assets to a trust company, which may be a financial institution engaged in trust business. If a specified asset consists of real property, in lieu of outsourcing to such trust company, the TMK may outsource the management of the specified asset to a corporate entity having financial and personnel resources sufficient to appropriately manage and dispose of the real property, provided that such entity is duly licensed in Japan to engage in the business of land and building transactions.

*Distribution of Profits*

Following equity-holders' approval, year-end dividends are distributed in cash to equity-holders of record as at the end of each fiscal year in proportion to the equity interest held by each equity-holder, but subject to the provisions in the ALP regarding preferential treatment of holders of preferred equity. Additionally, a TMK may make interim dividend payments in cash once during each fiscal year, by determination of its directors.

A TMK may distribute profits by way of a year-end dividend out of the excess of its assets over the aggregate of (x) its liabilities, (y) its stated capital and (z) certain other amounts provided in an ordinance of the Cabinet Office of Japan. A TMK may pay interim dividends out of the excess of its assets as at the last day of the immediately preceding fiscal year over of the aggregate of (i) its liabilities as at the last day of the immediately preceding fiscal year, (ii) its stated capital as at the last day of the immediately preceding fiscal year, (iii) the amount of profits distributed or to be distributed which is resolved at the annual general meeting of equity-holders with respect to the immediately preceding fiscal year and (iv) certain other amounts provided in an ordinance of the Cabinet Office of Japan. Interim dividends may not be paid if there is a risk that at the end of the fiscal year, assets might be less than the aggregate of the amounts referred to in (x) through (z) above.

*Distribution of Residual Assets*

In the event of the liquidation of the TMK, the assets remaining after payment of all debts (including debts under TMK Bonds and specified purpose loans), liquidation expenses and taxes will be distributed among equity-holders generally in proportion to the respective number of shares which they hold, but subject to the provisions in the ALP regarding preferential treatment of holders of preferred equity.

**Law Concerning Real Property in Japan**

*Real Property Registration System*

Japan has a system to register the ownership of real property as well as certain other real property-related rights, such as security interests in respect of real property and easements, pursuant to which an unregistered owner of real property or an unregistered holder of certain other rights cannot assert its title or such rights against a third party. The real property register, however, does not necessarily reflect the true owner of a real property-related title or interest. In practice, parties who plan to enter into real property transactions in Japan usually rely upon the register, which is generally the best indication of the true owner of a real property-related title or right. A party that purchases real property from a seller in reliance on the register, however, will have no recourse against anyone except the seller if the information contained in the register proves to be incorrect. The purchaser may claim damages against the seller pursuant to statutory or contractual warranties, but, in general, will be unable to obtain ownership of or title to the real property.

### *Liabilities Incurred by Owners of Real Property*

Under Japanese law, an owner of real property may be liable for any damage to the life, body or property of a third party that occurs in connection with its real property. In particular, Article 717 of Civil Code of Japan imposes strict liability as follows:

"If any damage has been caused to another person by reason of any defect in the construction or maintenance of a structure on land, the person in possession of the structure shall be liable to compensate the injured person for damages it suffers; provided, however, that if the person in possession has exercised due care in order to prevent the occurrence of such damage, compensation for damage shall be made by the owner of such structure".

It is customary in Japan to obtain third-party liability insurance in respect of real property. In certain circumstances, however, such insurance may be unavailable, or even if obtained, may not cover a liability that has arisen in relation to the property (either because it is not included in the insurance coverage or the liability exceeds the maximum coverage amount).

A purchaser of real property may in some instances seek reimbursement from the seller pursuant to statutory or contractual warranties for liability to a third party that was caused by a defect in the property existing at the time of the sale. These warranties, however, are sometimes limited or excluded or may prove inadequate because the seller lacks funds to compensate the purchaser for its loss or for other reasons.

### *Warranty Obligations*

Unless contractually excluded, a seller of real property will owe statutory warranty obligations to a purchaser if there is a latent defect in such real property. Statutory warranties are generally effective for one year from the date on which the purchaser becomes aware of the existence of the latent defect and may be enforced during this period by a cancellation of the underlying sale or by seeking compensation for damages from the seller.

It is not unusual for these statutory warranty obligations to be contractually excluded or substantially reduced in a sale and purchase agreement for real property. This commonly occurs when the real property is being sold by a company undergoing insolvency proceedings and the property or interest is sold on an "as-is" basis.

### *Boundary confirmation*

In Japan, boundary confirmations are generally made by obtaining written acknowledgment thereof, duly affixed with a signature seal, from neighboring landowners who share boundaries with the subject property. There is no legal right or power by which a property owner can compel its neighbors to execute a boundary confirmation. The absence of a boundary confirmation may reduce a property owner's leverage in a boundary dispute or a dispute over encroachment.

### *Land Readjustment Law*

The Land Readjustment Law of Japan (Law No. 119 of 1954) (the "Land Readjustment Law") provides for so-called "land readjustment projects", which are projects intended to alter the character of land located in city planning areas, or to establish or alter public facilities on this land, in order to improve such public facilities or to promote utilization of housing lots in connection with the land. When a land readjustment project is carried out, an owner of land subject to the project will be temporarily allocated alternative land, and may use this in the same manner as the original land. Upon completion of the land readjustment project, the owner will be permanently allocated new land in replacement for the original land.

In many cases, the land temporarily allocated to the owner will be permanently allocated to the owner at the end of the project. The Land Readjustment Law, however, does not expressly provide that land temporarily allocated to an owner will always be finally allocated to the owner at the conclusion of the project. The land area finally allocated to an owner may be greater or less than the area of the original land; and the utility value and asset value of the land finally allocated to an owner also may be greater or less than that of the original land.

Imbalances in connection with a land readjustment may be adjusted by payment or collection of settlement moneys in accordance with the land readjustment plan.

***Law for Promotion of Public Land Expansion***

Under the law for Promotion of Public Land Expansion of Japan (Law No. 66 of 1972), local authorities are, for the purpose of sound growth and the orderly development of cities, granted a right of first negotiation in respect of any sale of land located in certain specified city planning areas. If the owner of any land located in such an area intends to sell or dispose of the land, it is required to notify the local authority of its planned sale and of the summary terms of the sale at least three weeks prior to the expected sale date. The local authority then decides, within three weeks following such notification, whether to exercise its right to negotiate purchase of the land. If the local authority exercises such right, the owner of the land and the local authority generally must commence negotiation of the terms of the sale and purchase of the land. If the local authority does not make an offer for the land within three weeks of the notification, or notifies the owner of the land that it does not intend to make an offer for the land; or if the owner of the land and the local authority are unable to agree the terms of the sale and purchase of the land within the allotted three week period or it becomes clear that no agreement will be reached within that period, then the owner of the land is permitted to sell the land to a third party. When the owner of the land sells the land to the local authority upon mutual agreement, the sale price is generally determined based on the posted land price, which is published annually by the Ministry of Land, Infrastructure, Transport and Tourism under the Posted Land Price Law of Japan (Law No. 49 of 1969).

***Construction Standards Law***

The Construction Standards Law of Japan (Law No. 201 of 1950) (the “Construction Standards Law”) establishes minimum standards for the site, structure, equipment and usage of a building.

In the event that potential non-compliance with the Construction Standards Law is identified as a concern at any time, the relevant administrative agency normally will take preliminary actions to assess the building in question. If non-compliance is found and not cured upon informal discussion, the agency may issue a written notice setting forth the desired actions to be undertaken to effect cure on the part of the owner of the building. If the non-compliance is still not cured, the relevant administrative agency may then issue a corrective order, requiring the owner of the building to take corrective action. Corrective orders may include, among others, an order of demolition, reconstruction, removal of affected parts, or restriction of use, of the noncompliant building.

The timing of issuance of corrective orders and their content, as well as the decision as to whether such corrective orders should be issued in the first place, are entrusted to the professional and technical discretion of the relevant administrative agency. Therefore, even if the construction of the building is determined to be illegal in any respect, such illegality will not necessarily result in immediate issuance of a corrective order. In addition, generally speaking, the administrative agency is required to adopt the method of rectifying the illegality that will be the least burdensome for the party to whom the order is issued. Accordingly, if the removal of illegal components of a construction project is found to be relatively easy, a more onerous order, such as one for demolition of the building, can be expected not to be issued, and if issued is likely to be held void.

***Soil Contamination Countermeasures Law***

The Soil Contamination Countermeasures Act of Japan (Law No. 53 of 2002) (the “Soil Contamination Countermeasures Act”) provides for the investigation of soil contamination and for the prevention of harm to public health arising from such contamination. The Soil Contamination Countermeasures Act requires soil contamination investigations under certain circumstances, including when specified facilities using toxic substances are closed. Further, some local municipalities have established environment related ordinances which require further countermeasures against soil contamination. Under the Soil Contamination Countermeasures Act, a current owner of the land may be held strictly liable for the survey, removal or remediation of hazardous or toxic substances on or under the land, whether or not the current owner knew of, or was responsible for, the presence of such hazardous or toxic substances.

***Other Regulation of Real Property***

Real property is subject to other laws and regulations in addition to those stated above. These laws and regulations include the Land Expropriation law of Japan (Law No. 219 of 1951), the National Land Use Planning Law of Japan (Law No. 92 of 1974), the City Planning Law of Japan (Law No. 100 of 1968) and the Law concerning Improvement of Urban Distribution Centres of Japan (Law No. 110 of 1966) and the rules and regulations promulgated thereunder. These laws and regulations may affect ownership rights, use, management and disposal of real property. Rights with respect to real property are further subject to other legislation related to expropriation, redevelopment and land rearrangement. In addition to the liabilities under the Soil Contamination Countermeasures Act, real property is subject to legislation concerning environmental protection issues, such as pollution with respect to the air, ground or groundwater. Under these laws, owners, managers or occupants (including but not limited to titleholders, lessors, tenants and property trustees) of real property may, regardless of fault, be required to perform environmental surveys, eliminate environmental hazards and compensate third parties for losses or liabilities relating to environmental hazards. It is possible that in the future, existing legislation may be amended or additional legislation enacted that may impose further obligations on the owners of real property. In addition, the administrative expenses of real property may be increased due to future amendments of laws or ordinances affecting construction, management or maintenance of real property.

***Lease Laws***

*Land Leases*

Under Japanese law, buildings may be owned independently of the underlying land upon which they are built. It is not unusual in Japan for the owner of a building to be different from the owner of the underlying land. The owner of a building who does not own the underlying land, needs to obtain a perfected leasehold interest in the underlying land. In the case of the real property assets comprising the Japan Portfolio, however, both the buildings and the underlying land in all cases are owned directly by the TMK or indirectly, in the form of trust beneficial interests, through a property trustee.

*Building Leases*

Contract Period

A building lease may have either a fixed or an indefinite term. A building lease providing for an indefinite term or a term of less than one year, may be terminated by the lessee on three months' notice or by the lessor on six months' notice, unless the lease provides for a longer notice period. A building lease for a fixed term of one year or more, up to 20 years, may not be terminated unilaterally by either party prior to the end of that term, unless the lease specifically provides otherwise. In case of termination by the lessor, the lessor's notice is subject to the conditions described below.

Even in the case of a lease providing for a fixed term of one year or more, unless the lessor or the lessee gives notice of its intention not to extend the lease from one year to six months before the expiration of the term, the lease will be deemed to have been extended without a fixed term.

A lessor is prohibited from giving notice of termination of, or intention not to extend, a lease unless the lessor has a justifiable reason taking various factors into consideration, which may include:

- the comparative need of each of the lessor and the lessee to use the building;
- the history of interaction between the lessor and the lessee in connection with the relevant lease contract;
- the degree of importance to the lessee of its present use of the leased building;
- the current condition of the building; and
- any proposed compensatory payment from the lessor to the lessee.

Security Deposit and Guarantee Money

Upon execution of a building lease, the lessee is usually required to pay a security deposit, or shiki-kin. The security deposit is paid by the lessee as security for rent and other obligations. The security deposit does not bear interest and any outstanding amount after deduction of any charges is usually refundable after the premises are vacated. Upon execution of a building lease, in some cases the lessee also pays guarantee money, or hoshou-kin, which essentially guarantees the lessee's obligations and sometimes takes the form of a loan (sometimes bearing interest) by the lessee to the lessor. The guarantee money is fully or partially refundable either after a specified period of time has passed under the lease or at the end of the lease, depending on the terms of the lease. It should be noted that the amounts of security deposits and guarantee money vary from location to location and from case to case in Japan, and there is no single standard.

Adjustment of Rent

Generally, either party to a building lease may demand that the rent be increased or decreased in response to market conditions, even if a duly executed lease agreement exists. If the parties cannot come to an agreement, a court may order an adjustment after considering the following: (i) whether there have been any changes in tax or other liabilities imposed on the building and/or the underlying land, any increase or decrease in the value of the building and/or the underlying land, and any other relevant economic conditions; and (ii) the rent in comparable leases in neighboring areas. If the court determines that rent should be decreased, the landlord will be ordered to return any excess rent collected and to pay interest at a rate of 10% per annum on the excess amount. If the court determines that rent should be increased, the lessee will be ordered to pay any shortfall, as well as interest at a rate of 10% per annum on such shortfall.

Special Fixed-term Building Lease

The Land and Building Lease Law of Japan (Law No. 90 of 1991) provides for a special fixed-term building lease known as teiki tatemono chintaishaku, which is for a fixed term and to which the rules with respect to lease extension described above will not apply. Under a special fixed-term building lease, the lease may not be terminated prior to the expiration of its term, except in limited cases provide by law. Furthermore, the lessor and the lessee may contractually agree to opt out of the application of the rules for adjustment of rent described above.

***Trust Beneficial Interests***

A substantial part of the real property assets constituting the Japan Portfolio are held by TMKs in the form of trust beneficial interests. A "trust beneficial interest" is a beneficiary interest in a property which has been entrusted with a trustee pursuant to a trust agreement between the trustee and the settler, with the trustee holding ownership of the entrusted property. Trust beneficial interests are subject to the provisions of the Trust Law of Japan (Law No. 108 of 2006) and the Trust Business Law of Japan (Law No. 154 of 2004), as well as the provisions of the relevant trust agreement. A trust beneficiary may suffer certain trust-related liabilities and losses that would not arise if it had direct ownership of the properties, such as compensation to trustees, losses due to unauthorized disposition or collateralization of entrusted properties by trustees or losses arising from breach of trust agreements by trustees. In addition, the relevant trustee's consent is generally required to transfer a trust beneficial interest.

## General Corporate Law

### *Overview*

Global Logistic Properties Inc. ("GLP Japan"), the asset management company for the Japan Portfolio, is a stock company (*kabushiki kaisha* or "KK") established under the Companies Law of Japan (Law No. 86 of 2005) (the "Companies Law").

### *Organization and Management*

Pursuant to its articles of incorporation, GLP Japan maintains the simplest corporate governance system permitted under the Companies Law, consisting solely of (i) general meetings of shareholders and (ii) individual directors. GLP Japan does not have a board of directors, a statutory auditor or an accounting adviser. GLP Japan's general meeting of shareholders has the power and authority to resolve any matters provided for in the Companies Law, as well as matters concerning GLP Japan's organization, operations, administration or any other matter relating to it.

The articles of incorporation of GLP Japan provide for two (2) directors, including one (1) representative director, each of whom is appointed by the shareholders at general meetings of shareholders of GLP Japan. The normal term of office specified in the articles of incorporation of GLP Japan for directors is 10 years.

### *Distribution of Surplus*

Under the Companies Law, the distribution of dividends by a KK takes the form of distribution of surplus. GLP Japan's articles of incorporation provide that it may declare and distribute surplus to the shareholders and/or their registered pledgees whose names are entered or recorded in its final shareholders' register as of March 31 of each year. The Companies Law generally requires a KK to make distributions of surplus authorized by a resolution of a general meeting of shareholders. Distributions of surplus generally are made in proportion to the number of shares of common stock held by each shareholder.

Under the Companies Law, the aggregate book value of surplus distributed by a KK may not exceed a distributable amount, as calculated on the effective date of such distribution. The "distributable amount" at any given time is equal to (x) the amount of its surplus, which is determined based on the aggregate of "other capital surplus" (sonota shihon joyokin) and "other retained earnings" (sonota rieki joyokin) at the end of the previous fiscal year with various adjustments in accordance with the Companies Law and certain ordinances promulgated by the Ministry of Justice, minus (y) the aggregate of (a) the book value of the company's treasury stock; (b) the amount of consideration for any treasury stock disposed of by the company after the end of the previous fiscal year; and (c) other amounts set forth in certain ordinances promulgated by the Ministry of Justice, subject to certain adjustments if extraordinary financial statements are approved as of or for a period from the beginning of the fiscal year to a specified date. No distribution of surplus is permitted if the net assets of a KK are less than ¥3,000,000.

### *Distribution of Residual Assets*

In the event of the liquidation of a KK, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among shareholders generally in proportion to the number of shares of common stock held by each shareholder.

## Employment and Labor Law

The TMKs owning the real property assets comprising the Japan Portfolio have no employees; GLP Japan, however, employs personnel. There are several laws and regulations in Japan which are intend to regulate labor markets and employee/employer relations. These include the Labor Standards Law of Japan (Law No. 49 of 1947) (the "Labor Standards Law"), which sets forth minimum labor conditions; the Minimum Wage Law of Japan (Law No. 137 of 1959) which sets forth minimum wage requirements; and the Industrial Safety and Health Law of Japan (Law No. 57 of 1972), which sets forth safety and sanitary requirements for the protection of employees.

### *Employment Terms*

The Labor Standards Law sets forth certain terms of employment that are required to be specified in writing when an employer hires an employee, including the term of employment, working hours, holidays and matters concerning wages. An employment contract may be for a fixed or an unfixed term. Unless otherwise expressly agreed, employee will be deemed to be under contract for an indefinite term, which is the typical employment arrangement for regular Japanese employees. The term of fixed term labor contracts may not exceed three years (except in certain cases specified in the Labor Standards Law), although such fixed term may be renewed for successive terms. Successive renewal has the potential to cause the relevant employee to be deemed to have been hired for an indefinite term. Most Japanese companies set probation periods before they formally hire new employees. Probation periods typically range from one month to six months, with the most typical period being three months. Even during the probation period, Japanese law requires "objectively reasonable ground" for terminating an employee unilaterally (see "Limits on Termination of Employees" below).

### *Work Rules*

Any employer in Japan which continuously employs 10 or more employees is required, in accordance with the Labor Standards Law, to prepare work rules setting forth certain matters specified in the Labor Standard Laws, including working hours, holidays, matters concerning leave, wages, retirement and dismissal, and disciplinary actions. The employer must file its work rules with the appropriate local labor standards inspection office.

### *Limits on Termination of Employees*

Under Japanese law and regulations, employers are prohibited from terminating employees unless there are "objectively reasonable grounds" for termination and the termination is "appropriate in the general societal terms". Japanese courts in addressing employer/employee disputes historically have been highly protective of the interests of employees, and in line with this the above requirements are typically strictly interpreted in such disputes. Japanese law further requires employers to give at least 30 days notice of termination to employees, or make payment of average wages for such 30 day period in lieu of notice, with limited exceptions.

As a matter of practice, taking into account Japanese employee-friendly regulatory environment and courts, employers in Japan usually try to avoid unilateral termination of employees, preferring to negotiate voluntary resignations when possible. In many cases, this may involve the offer of severance packages including additional payments as an inducement to resign.

### *Compulsory Insurance Regulations*

All corporate employers are required to participate in the following four types of labor and social insurances for employees: (i) workers' accident compensation insurance; (ii) employment insurance; (iii) health insurance and nursing care insurance; and (iv) employees' pension insurance.

### Port Labor Law

The Port Labor Law of Japan (Law No. 40 of 1988) (the “Port Labor Law”) was enacted to improve the working conditions of dock workers and to develop their capabilities, and thereby to secure the necessary working power in port areas and welfare of such workers. Operators of certain types of businesses including the business of loading cargos to warehouses located in port areas must endeavor to hire and train dock workers so that they can obtain necessary skills for port transport business, and in order to secure such employment and training, such operators are required to appoint employment managers pursuant to the Port Labor Law. Also, such operators are generally required to hire day workers for port transport business only through placement by a public job stabilization office under the Port Labor Law.

### Foreign Exchange Regulations

The Foreign Exchange and Foreign Trade Law of Japan (Law No. 228 of 1949) and the cabinet ordinances and ministerial ordinances promulgated thereunder (the “Foreign Exchange Regulations”) govern certain aspects of foreign exchange, foreign trade and other foreign transactions. The Foreign Exchange Regulations generally do not require governmental authorization to engage in foreign exchange, foreign trade or other foreign transactions, except in limited circumstances where permission is required to maintain international peace and security or to achieve other legitimate purposes. Certain specified types of transactions, including acquisition by a foreign investor of shares in a company engaged in certain specified businesses in Japan, require the filing of prior notification with the Japanese government.

In other cases, the Foreign Exchange Regulations simply require post transaction notification with respect to certain foreign exchange, foreign trade or other foreign transactions, including overseas payments in excess of a specified amount and acquisition of equity securities of Japanese corporations by foreign investors. Such notification is likely to be required in the case of acquisition of specified or preferred equity in the TMKs owning the real property assets comprising the Japan Portfolio or acquisition of shares in GLP Japan by a foreign investor.

### Taxation

#### *Summary of Taxation in Japan structure*

In principle, a TMK is subject to normal corporate tax rates of approximately 42% on its taxable profit. However, where the TMK is a “tax-qualifying” TMK, it is allowed to take a deduction against taxable income in respect of any dividend distributions which it makes to shareholders. Given this treatment, it is theoretically possible for a TMK which distributes all of its taxable income to have no profit based corporate tax liability in Japan (although, as a practical matter, due to the mechanics of the tax and accounting rules, a TMK should always have some limited corporate tax liability).

In order to be a “tax-qualifying” TMK and hence obtain the above special tax treatment, in summary a TMK needs to satisfy the following requirements under the Japanese tax law.

1. TMK is officially registered under Article 8 of the TMK Law.

2. One of the following conditions is satisfied:

   (a) The TMK issues bonds in the amount of ¥100 million or more through a public offering, or alternatively all the Bonds issued are purchased by Qualified Institutional Investors (“QII”), falling under both of the definitions thereof in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Law and Article 67-14, Paragraph 1, Item 1, (*ro*)(2) of the Special Taxation Measures Law (“STML”)

   (b) The TMK issues priority instrument (*yusen shusshi*) units which are held by fifty or more investors; or

(c) The TMK issues priority instrument (*yusen shusshi*) units that are only held by QIIs.

3. More than 50% of the priority instruments (*yusen shusshi*) referred to in 2 above must be issued to Japan residents in each offering.

4. Its fiscal year does not exceed one year.

5. Dividends deductible as an expense for tax purposes under the TMK Law are those declared in the fiscal year in which TMK meets all of the following conditions:

   (a) TMK conducts its asset securitization business and other business relating thereto in accordance with its Asset Liquidation Plan ("ALP").

   (b) TMK only engages in business prescribed under its ALP.

   (c) TMK contracts out the management of the properties to a third party prescribed under the TMK Law, or enters into a trust agreement with a third party trustee for management and disposition of the properties.

   (d) TMK is not a closely-held company within the meaning of the Japanese Corporation Income Tax Law, except in cases where condition 2(a) above is satisfied.

   (e) More than 90% of TMK's "distributable profit" in respect of the fiscal year is declared and paid as a dividend to the equity holders.

   (f) TMK does not have any assets other than the properties or other specified assets under its ALP.

   (g) Where TMK borrows from financial institutions, they should be QIIs and should not be specified equity holders.

It should also be noted that some of the tax-qualifying TMK requirements have been changed under the 2010 tax reform (the "new rules"). As one of major changes, in principle, more than 50% of specified equity must be issued to Japan residents from fiscal years commencing on or after April 1, 2010. However, the TMKs which are incorporated prior to April 1, 2010 will be subject to its new rules only if the TMKs submit notifications with respect to amended ALP term, business commencement date and completion of business, which are stated in Article 5, Paragraph 1, Item 1 and Article 10, Paragraph 1, of the TMK Law in accordance with Article 9 of the TMK Law ("certain notifications") on or after April 1, 2010. Hence, it is not likely that the onshore issuance requirement for specified equity will apply to the current existing TMK provided that TMK does not submit certain notifications on or after April 1, 2010.

It is intended that any TMK in the current proposed structure have been established, funded and operated in such a manner so as to meet above mentioned requirements. As a result, it is anticipated that any TMK will have only a limited level of taxable income to be subject to tax at approximately 42%.

Although the TMK is eligible for specific tax benefits, it is not a tax or legally transparent vehicle and income must be remitted back to shareholders in the form of dividends. Shareholders in a TMK will suffer withholding tax on distributions paid out to them by the TMK. Under Japanese domestic law, this withholding tax is levied at 20%. For TMK dividends paid to Singapore shareholders, to the extent that the Singapore shareholders are the beneficial owners of the dividend income and the relevant conditions under the Singapore-Japan tax treaty are met, it should be possible to reduce the relevant withholding tax rate pursuant to the treaty to a minimum of 5%.

Capital gains from a disposition of shares in the TMK by foreign shareholders are generally taxed in Japan, and the disposition of shares in an entity that holds equity in the TMK may also be subject to tax in Japan. However, if the Singapore-Japan tax treaty can be applied (i.e. in the event the foreign shareholder is a Singapore resident entity), this rule should only apply to a direct disposition of the TMK shares by Singapore shareholders.

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# APPENDIX C
# OUR SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

## Subsidiaries

Details of our subsidiaries are as follows:-

| | Name | Principal activity | Our effective interest as of June 30, 2010 | Country of incorporation/ Principal place of business |
|---|---|---|---|---|
| | | | % | |
| | **Japan** | | | |
| 1. | Shinkiba Logistic SPC | Property investment | 100 | Japan |
| 2. | Urayasu Logistic SPC | Property investment | 100 | Japan |
| 3. | Shinsuna Logistic SPC | Property investment | 100 | Japan |
| 4. | Tatsumi Logistic SPC | Property investment | 100 | Japan |
| 5. | Narita Logistic SPC | Property investment | 100 | Japan |
| 6. | Tokyo Logistic SPC | Property investment | 100 | Japan |
| 7. | Urayasu Two Logistic SPC | Property investment | 100 | Japan |
| 8. | Tokai Logistic SPC | Property investment | 100 | Japan |
| 9. | Fukusaki Logistic SPC | Property investment | 100 | Japan |
| 10. | Narashino Logistic SPC | Property investment | 100 | Japan |
| 11. | Hachioji Logistic SPC | Property investment | 100 | Japan |
| 12. | Kazo Logistic SPC | Property investment | 100 | Japan |
| 13. | Funabashi Logistic SPC | Property investment | 100 | Japan |
| 14. | Osaka Logistic SPC | Property investment | 100 | Japan |
| 15. | Yokohama Logistic SPC | Property investment | 100 | Japan |
| 16. | Kasukabe Logistic SPC | Property investment | 100 | Japan |
| 17. | Amagasaki Logistic SPC | Property investment | 100 | Japan |
| 18. | Amagasaki Two Logistic SPC | Property investment | 100 | Japan |
| 19. | Sakai Logistic SPC | Property investment | 100 | Japan |
| 20. | Cosmos SPC | Property investment | 100 | Japan |
| 21. | Atsugi SPC | Property investment | 100 | Japan |
| 22. | Fukaehama Logistic SPC | Property investment | 100 | Japan |
| 23. | Funabashi Two Logistic SPC | Property investment | 100 | Japan |
| 24. | Hayashima Two Logistic SPC | Property investment | 100 | Japan |
| 25. | Hirakata Logistic SPC | Property investment | 100 | Japan |
| 26. | Hirakata Two Logistic SPC | Property investment | 100 | Japan |
| 27. | Seishin Logistic SPC | Property investment | 100 | Japan |
| 28. | Koshigaya Two Logistic SPC | Property investment | 100 | Japan |
| 29. | Maishima One Logistic SPC | Property investment | 100 | Japan |
| 30. | Maishima Two Logistic SPC | Property investment | 100 | Japan |
| 31. | Narashino Two Logistic SPC | Property investment | 100 | Japan |
| 32. | Narita Two Logistic SPC | Property investment | 100 | Japan |
| 33. | Hayashima Logistic SPC | Property investment | 100 | Japan |
| 34. | Okegawa Logistic SPC | Property investment | 100 | Japan |
| 35. | Misato Logistic SPC | Property investment | 100 | Japan |
| 36. | Sendai Logistic SPC | Property investment | 100 | Japan |
| 37. | Sugito Logistic SPC | Property investment | 100 | Japan |
| 38. | Tokyo Two Logistic SPC | Property investment | 100 | Japan |
| 39. | Tomiya Logistic SPC | Property investment | 100 | Japan |
| 40. | Tomisato Logistic SPC | Property investment | 100 | Japan |
| 41. | Urayasu Three Logistic SPC | Property investment | 100 | Japan |
| 42. | Sugito Two Logistic SPC | Property investment | 100 | Japan |
| 43. | Tosu One Logistic SPC | Property investment | 100 | Japan |
| 44. | Tsumori Logistic SPC | Property investment | 100 | Japan |

| Name | | Principal activity | Our effective interest as of June 30, 2010 | Country of incorporation/ Principal place of business |
|---|---|---|---|---|
| | | | % | |
| 45. | Iwatsuki Logistic SPC | Property investment | 100 | Japan |
| 46. | Komaki Logistic SPC | Property investment | 100 | Japan |
| 47. | Koriyama One Logistic SPC | Property investment | 100 | Japan |
| 48. | Kiyama Logistic SPC | Property investment | 100 | Japan |
| 49. | Akishima Logistic SPC | Property investment | 100 | Japan |
| 50. | Yachiyo SPC | Property investment | 100 | Japan |
| 51. | Hakozaki SPC | Property investment | 100 | Japan |
| 52. | Tosu Five SPC | Property investment | 100 | Japan |
| 53. | Koshigaya Three SPC | Property investment | 100 | Japan |
| 54. | Misato Two Logistic SPC | Property investment | 100 | Japan |
| 55. | Azalea SPC | Property investment | 100 | Japan |
| | **Cayman Islands** | | | |
| 56. | CLH Limited | Investment holding | 100 | Cayman Islands |
| 57. | Greenfields Properties Ltd | Investment holding | 100 | Cayman Islands |
| 58. | Golden Tulips Investment Limited | Investment holding | 100 | Cayman Islands |
| 59. | Violet Investment Limited | Investment holding | 100 | Cayman Islands |
| | **PRC** | | | |
| 60. | Shanghai GLP Chapu Development Co., Ltd. | Property investment | 100 | PRC |
| 61. | GLP Puyun Warehousing Services Co., Ltd. † | Property investment | 100 | PRC |
| 62. | GLP Guangzhou Bonded Development Co., Ltd. † | Property investment | 100 | PRC |
| 63. | GLP Beijing Airport Logistics Development Co., Ltd. | Property investment | 100 | PRC |
| 64. | GLP Foshan Logistics Co., Ltd. | Property investment | 100 | PRC |
| 65. | GLP Hangzhou Logistics Development Co., Ltd. | Property investment | 100 | PRC |
| 66. | GLP Beijing Majuqiao Logistics Development Co., Ltd. | Property investment | 100 | PRC |
| 67. | GLP Songjiang Development Co., Ltd. | Property investment | 100 | PRC |
| 68. | Shanghai Minhang GLP Development Co., Ltd. | Property investment | 100 | PRC |
| 69. | GLP (Qingdao) Airport International Logistics Development Co., Ltd. | Property investment | 100 | PRC |
| 70. | GLP (Qingdao) Qianwan Harbor International Logistics Development Co., Ltd. | Property investment | 100 | PRC |
| 71. | GLP Nanjing Jiangning Development Co., Ltd. | Property investment | 100 | PRC |
| 72. | GLP (Guangzhou) Baopu Development Co., Ltd. | Property investment | 100 | PRC |
| 73. | GLP Jiaxing Development Co., Ltd. | Property investment | 100 | PRC |
| 74. | GLP Chongqing Development Co., Ltd. | Property investment | 100 | PRC |
| 75. | GLP Wuxi Logistics Development Co., Ltd. | Property investment | 100 | PRC |
| 76. | GLP (Tianjin) Industry Development Co., Ltd. | Property investment | 100 | PRC |
| 77. | GLP Xujing Logistics Co., Ltd. | Property investment | 100 | PRC |
| 78. | Pushun Logistics Park Development Co., Ltd. | Property investment | 100 | PRC |

| Name | | Principal activity | Our effective interest as of June 30, 2010 | Country of incorporation/ Principal place of business |
|---|---|---|---|---|
| | | | % | |
| 79. | Qingdao Shuangyi Logistics Co., Ltd. | Property investment | 100 | PRC |
| 80. | Tianjin Puqing Logistics Park Co., Ltd. | Property investment | 100 | PRC |
| 81. | GLP (Ningbo Beilun) Warehousing Co., Ltd. | Property investment | 100 | PRC |
| 82. | GLP Pumin Logistics Co., Ltd. | Property investment | 100 | PRC |
| 83. | GLP Chengdu Hi-Tech Co., Ltd. | Property investment | 100 | PRC |
| 84. | GLP Pujiang Logistics Co., Ltd. | Property investment | 100 | PRC |
| 85. | GLP Wanqing Logistics Co., Ltd. | Property investment | 100 | PRC |
| 86. | GLP Luoxin Logistics Co., Ltd. | Property investment | 100 | PRC |
| 87. | GLP Guangzhou Warehousing Co, Ltd. | Property investment | 100 | PRC |
| 88. | GLP Pujin Development Co., Ltd. | Property investment | 100 | PRC |
| 89. | Zhongbao Logistics Co., Ltd. | Property investment | 100 | PRC |
| 90. | GLP Tianjin Development Co., Ltd. | Property investment | 80 | PRC |
| 91. | Dalian GLP-Jifa Development Co., Ltd. | Property investment | 60 | PRC |
| 92. | Shen Yang GLP Jifa Logistics Development Co., Ltd. | Property investment | 60 | PRC |
| 93. | SZITIC Shenzhen Commercial Property Co., Ltd. | Property investment | 51 | PRC |
| 94. | Beijing City Power Warehousing Co., Ltd. | Property investment | 70 | PRC |
| 95. | High-Tech Base (Shanghai) Machinery Co., Ltd. | Property investment | 100 | PRC |
| 96. | Zhuhai GLP-Gree Logistics Development Co., Ltd. | Property investment | 70 | PRC |
| 97. | Global Logistic Properties Investment Management (China) Co., Ltd. | Management service | 100 | PRC |
| 98. | Global Logistic Properties Suzhou Share Service Co. Ltd. | Management Service | 100 | PRC |
| 99. | GLP Shanghai Jiading Development Co., Ltd. | Property investment | 100 | PRC |
| 100. | GLP (Qingdao) JiaoNan International Logistics Development Co., Ltd. | Property investment | 100 | PRC |
| 101. | GLP Fengmin Development Co., Ltd. | Property investment | 100 | PRC |
| 102. | GLP Chenghua Development Co., Ltd. | Property investment | 100 | PRC |
| 103. | GLP Changsha Development Co., Ltd. | Property investment | 100 | PRC |
| 104. | GLP Fengjia Development Co., Ltd. | Property investment | 100 | PRC |
| 105. | GLP Fengsong Development Co., Ltd. | Property investment | 100 | PRC |
| 106. | Ningbo Gangrui Warehousing Co., Ltd. | Property investment | 100 | PRC |
| 107. | Ningbo Haichuang Logistics Co., Ltd. | Property investment | 100 | PRC |
| 108. | GLP Jiashan Pujia Logistics Co., Ltd. | Property investment | 100 | PRC |
| 109. | GLP Taicang Logistics Co., Ltd. | Property investment | 100 | PRC |
| 110. | Shanghai Puchuan Logistics Co., Ltd. | Property investment | 100 | PRC |

| Name | | Principal activity | Our effective interest as of June 30, 2010 | Country of incorporation/ Principal place of business |
|---|---|---|---|---|
| | | | % | |
| 111. | GLP Kunshan Puqiao Logistics Co., Ltd. | Property investment | 100 | PRC |
| 112. | Jiangsu Beisheng Technology Co., Ltd. | Property investment | 100 | PRC |
| 113. | GLP Puting Logistics Co., Ltd.† | Property investment | 100 | PRC |
| 114. | Beijing Jingcai Warehousing Co., Ltd. | Property investment | 100 | PRC |
| 115. | GLP Laogang Development Co., Ltd. | Property investment | 100 | PRC |
| 116. | Kunshan GLP Dianshanhu Logistics Co., Ltd. | Property investment | 100 | PRC |
| 117. | Vailog (Kunshan) Storage Co., Ltd. | Property investment | 90 | PRC |
| 118. | Shanghai Weiluo Storage Services Co., Ltd. | Property investment | 90 | PRC |
| 119. | GLP Zhongshan Logistic Facilities Co., Ltd. *(See Note 1 below)* | Property investment | 100 | PRC |
| 120. | GLP Kunshan Puxing Logistics Development Co., Ltd. *(See Note 2 below)* | Property investment | 100 | PRC |
| | **Barbados** | | | |
| 121. | China Logistics Holding I Srl | Investment holding | 100 | Barbados |
| 122. | China Logistics Holding II Srl | Investment holding | 100 | Barbados |
| 123. | China Logistics Holding III Srl | Investment holding | 100 | Barbados |
| 124. | China Logistics Holding IV Srl | Investment holding | 100 | Barbados |
| 125. | China Logistics Holding V Srl | Investment holding | 100 | Barbados |
| 126. | China Logistics Holding VI Srl | Investment holding | 100 | Barbados |
| 127. | China Logistics Holding VII Srl | Investment holding | 100 | Barbados |
| 128. | China Logistics Holding VIII Srl | Investment holding | 100 | Barbados |
| 129. | China Logistics Holding IX Srl | Investment holding | 100 | Barbados |
| 130. | China Logistics Holding X Srl | Investment holding | 100 | Barbados |
| 131. | China Logistics Holding XI Srl | Investment holding | 100 | Barbados |
| 132. | China Logistics Holding XII Srl | Investment holding | 100 | Barbados |
| 133. | China Logistics Holding XIII Srl | Investment holding | 100 | Barbados |
| 134. | China Logistics Holding XIV Srl | Investment holding | 100 | Barbados |
| 135. | China Logistics Holding XV Srl | Investment holding | 100 | Barbados |
| 136. | China Logistics Holding XVI Srl | Investment holding | 100 | Barbados |
| 137. | China Logistics Holding XVII Srl | Investment holding | 100 | Barbados |
| 138. | China Logistics Holding XVIII Srl | Investment holding | 100 | Barbados |
| 139. | China Logistics Holding XIX Srl | Investment holding | 100 | Barbados |
| 140. | China Logistics Holding XX Srl | Investment holding | 100 | Barbados |
| 141. | China Logistics Holding XXI Srl | Investment holding | 100 | Barbados |
| 142. | China Logistics Holding XXIII Srl | Investment holding | 100 | Barbados |
| 143. | China Logistics Holding XXIV Srl | Investment holding | 100 | Barbados |
| 144. | China Logistics Holding XXV Srl | Investment holding | 100 | Barbados |
| 145. | China Logistics Holding XXVI Srl | Investment holding | 100 | Barbados |
| 146. | China Logistics Holding XXVII Srl | Investment holding | 100 | Barbados |
| 147. | China Logistics Holding XXVIII Srl | Investment holding | 100 | Barbados |
| 148. | China Logistics Holding XXIX Srl | Investment holding | 100 | Barbados |
| 149. | China Logistics Holding XXX Srl | Investment holding | 100 | Barbados |
| 150. | China Logistics Holding XXXI Srl | Investment holding | 100 | Barbados |
| 151. | China Logistics Holding XXXII Srl | Investment holding | 100 | Barbados |
| 152. | China Logistics Holding XXXIII Srl | Investment holding | 100 | Barbados |
| 153. | China Logistics Holding LXV Srl | Investment holding | 100 | Barbados |

| Name | | Principal activity | Our effective interest as of June 30, 2010 | Country of incorporation/ Principal place of business |
|---|---|---|---|---|
| | | | % | |
| 154. | China Logistics Holding LXVI Srl | Investment holding | 100 | Barbados |
| 155. | China Logistics Holding XXXVI Srl | Investment holding | 100 | Barbados |
| 156. | China Logistics Holding XXXVII Srl | Investment holding | 100 | Barbados |
| 157. | China Logistics Holding XXXVIII Srl | Investment holding | 100 | Barbados |
| 158. | China Logistics Holding XXXIX Srl | Investment holding | 100 | Barbados |
| 159. | China Logistics Holding XL Srl | Investment holding | 100 | Barbados |
| 160. | China Logistics Holding XLI Srl | Investment holding | 100 | Barbados |
| 161. | China Logistics Holding XLII Srl | Investment holding | 100 | Barbados |
| 162. | China Logistics Holding XLIII Srl | Investment holding | 100 | Barbados |
| 163. | China Logistics Holding XLIV Srl | Investment holding | 100 | Barbados |
| 164. | China Logistics Holding XLV Srl | Investment holding | 100 | Barbados |
| 165. | China Logistics Holding XLVI Srl | Investment holding | 100 | Barbados |
| 166. | China Logistics Holding XLVII Srl | Investment holding | 100 | Barbados |
| 167. | China Logistics Holding LXIV Srl | Investment holding | 100 | Barbados |
| 168. | China Logistics Holding XLIX Srl | Investment holding | 100 | Barbados |
| 169. | China Logistics Holding L Srl | Investment holding | 100 | Barbados |
| 170. | China Logistics Holding LI Srl | Investment holding | 100 | Barbados |
| 171. | China Logistics Holding LII Srl | Investment holding | 100 | Barbados |
| 172. | China Logistics Holding LIII Srl | Investment holding | 100 | Barbados |
| 173. | China Logistics Holding LV Srl | Investment holding | 100 | Barbados |
| 174. | China Logistics Holding LVI Srl | Investment holding | 100 | Barbados |
| 175. | China Logistics Holding LVII Srl | Investment holding | 100 | Barbados |
| 176. | China Logistics Holding LVIII Srl | Investment holding | 100 | Barbados |
| 177. | China Logistics Holding LIX Srl | Investment holding | 100 | Barbados |
| 178. | China Logistics Holding LX Srl | Investment holding | 100 | Barbados |
| 179. | China Logistics Holding LXI Srl | Investment holding | 100 | Barbados |
| 180. | China Logistics Holding LXII Srl | Investment holding | 100 | Barbados |
| 181. | China Logistics Holding LXIII Srl | Investment holding | 100 | Barbados |
| 182. | China Management Holding Srl | Investment holding | 100 | Barbados |
| | **Hong Kong** | | | |
| 183. | Logistics Star Management Limited | Consulting service in relation to real estate investment | 100 | Hong Kong |
| 184. | Fullygreen International Limited | Investment holding | 100 | Hong Kong |
| 185. | The Bund Holding Limited | IND & Logistics Facilities Development, Operation and Management | 100 | Hong Kong |
| 186. | Blue Earth Holding Limited | IND & Logistics Facilities Development and Management | 100 | Hong Kong |
| 187. | The Peacefields Holding Limited | IND & Logistics Facilities Development and Management | 100 | Hong Kong |
| 188. | Vailog Hong Kong DC6 Limited | Investment holding | 90 | Hong Kong |
| 189. | Vailog Hong Kong DC3 Limited | Investment holding | 90 | Hong Kong |
| | **Singapore** | | | |
| 190. | Japan Logistic Properties 1 Private Limited | Investment holding | 100 | Singapore |
| 191. | Japan Logistic Properties 2 Pte. Ltd. | Investment holding | 100 | Singapore |
| 192. | Narashino Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 193. | Sugito Pte. Ltd. | Investment holding | 100 | Singapore |
| 194. | Hirakata Pte. Ltd. | Investment holding | 100 | Singapore |
| 195. | Hirakata Two Pte. Ltd. | Investment holding | 100 | Singapore |

| Name | | Principal activity | Our effective interest as of June 30, 2010 | Country of incorporation/ Principal place of business |
|---|---|---|---|---|
| | | | % | |
| 196. | Kobe Seishin Pte. Ltd. | Investment holding | 100 | Singapore |
| 197. | Okegawa Pte. Ltd. | Investment holding | 100 | Singapore |
| 198. | Amagasaki Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 199. | Fukaehama Pte. Ltd. | Investment holding | 100 | Singapore |
| 200. | Cosmos Camellia Pte. Ltd. | Investment holding | 100 | Singapore |
| 201. | Atsugi Pte. Ltd. | Investment holding | 100 | Singapore |
| 202. | Funabashi Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 203. | Sakai Pte. Ltd. | Investment holding | 100 | Singapore |
| 204. | Urayasu Three Pte. Ltd. | Investment holding | 100 | Singapore |
| 205. | Saitama Misato Pte. Ltd. | Investment holding | 100 | Singapore |
| 206. | Tomiya Pte. Ltd. | Investment holding | 100 | Singapore |
| 207. | Hayashima Pte. Ltd. | Investment holding | 100 | Singapore |
| 208. | Narita Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 209. | Maishima One Pte. Ltd. | Investment holding | 100 | Singapore |
| 210. | Koshigaya Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 211. | Maishima Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 212. | Tokyo Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 213. | Sendai Pte. Ltd. | Investment holding | 100 | Singapore |
| 214. | Hayashima Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 215. | Tomisato Pte. Ltd. | Investment holding | 100 | Singapore |
| 216. | Amagasaki Pte. Ltd. | Investment holding | 100 | Singapore |
| 217. | Sugito Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 218. | Tosu One Pte. Ltd. | Investment holding | 100 | Singapore |
| 219. | Osaka Tsumori Pte. Ltd. | Investment holding | 100 | Singapore |
| 220. | Tosu Five Pte. Ltd. | Investment holding | 100 | Singapore |
| 221. | Hakozaki Pte. Ltd. | Investment holding | 100 | Singapore |
| 222. | Koshigaya Three Pte. Ltd. | Investment holding | 100 | Singapore |
| 223. | Yachiyo Pte. Ltd. | Investment holding | 100 | Singapore |
| 224. | Akishima Pte. Ltd. | Investment holding | 100 | Singapore |
| 225. | Iwatsuki Pte. Ltd. | Investment holding | 100 | Singapore |
| 226. | Komaki Pte. Ltd. | Investment holding | 100 | Singapore |
| 227. | Koriyama One Pte. Ltd. | Investment holding | 100 | Singapore |
| 228. | Kiyama Pte. Ltd. | Investment holding | 100 | Singapore |
| 229. | Misato Two Pte. Ltd. | Investment holding | 100 | Singapore |
| 230. | Japan Logistic Properties 3 Pte. Ltd. | Investment holding | 100 | Singapore |
| 231. | Satsuki Pte. Ltd. | Investment holding | 100 | Singapore |
| 232. | Satsuki Izumisano Pte. Ltd. | Investment holding | 100 | Singapore |
| 233. | GLP Singapore Pte. Ltd. | Investment holding/Asset management | 100 | Singapore |
| 234. | China Logistics Holding (1) Pte Ltd | Investment holding | 100 | Singapore |

Certain of the above subsidiaries incorporated in Japan have issued preference shares to third parties.

## Jointly-controlled entities

Details of significant jointly-controlled entities are as follows:

| | Name | Principal activity | Our effective interest as of June 30, 2010 | Country of incorporation /Principal place of business |
|---|---|---|---|---|
| | | | % | |
| | **Cayman Islands** | | | |
| 1. | Global Logistic Properties Holdings Limited | Investment holding and property management | 50 | Cayman Islands |
| | **PRC** | | | |
| 2. | GLP Suzhou Development Co., Ltd. | Property investment | 50 | PRC |
| 3. | Shanghai Lingang GLP International Logistics Development Co., Ltd. | Property investment | 50 | PRC |
| 4. | Shenzhen GLP - Yantian Port Logistics Co., Ltd. | Property investment | 50 | PRC |
| 5. | Shanghai Lingang GLP Warehousing & Logistics Development Co., Ltd. | Property investment | 50 | PRC |
| 6. | Suzhou GLP Wangting Development Co., Ltd. † | Property investment | 50 | PRC |
| 7. | Suzhou Industrial Park Genway Factory Building Industrial Development Co., Ltd. | Property investment | 50 | PRC |
| 8. | Suzhou Industrial Park Sucai Property Co., Ltd. | Property investment | 50 | PRC |
| 9. | Suzhou Industrial Park Genway Factory Property Management Co., Ltd. | Property management | 50 | PRC |

**Notes:**

† Denotes an entity whose registered capital has not been timely contributed and which has not obtained the necessary approvals for capital reduction procedures to be undertaken or for extension of time to contribute the registered capital. See "Risk Factors—Risks Relating to Our Operations in China—*We may fail to contribute to the registered capital of our PRC subsidiaries or joint ventures or experience material delays in contributing to the registered capital of our PRC subsidiaries*."

(1) GLP Zhongshan Logistic Facilities Co., Ltd. was incorporated on 1 September 2010, and our effective interest in GLP Zhongshan Logistic Facilities Co., Ltd. is 100% from its incorporation.

(2) GLP Kunshan Puxing Logistics Development Co., Ltd. was incorporated on 9 September 2010, and our effective interest in GLP Kunshan Puxing Logistics Development Co., Ltd. is 100% from its incorporation.

# APPENDIX D
# SUMMARY OF THE VALUATION REPORTS ISSUED BY THE INDEPENDENT VALUERS IN RESPECT OF THE PROPERTIES

## (I) Japan

| No. | Logistic park name | Property name | Country | City[1] | Effective stake | Asset type | Status as of 30 June 2010 | Land title status | GFA (sqm) | Completion date | Occupancy | Tenure/ Age (years) | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (¥mm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | GLP Osaka | GLP Osaka | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 155,930.5 | Aug-04 | 100% | Freehold | 313.9 | 27,830 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 2 | GLP Amagasaki | GLP Amagasaki | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 135,988.9 | Dec-06 | 100% | Freehold | 262.6 | 23,280 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 3 | GLP Sugito II | GLP Sugito II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 127,231.2 | Jan-07 | 100% | Freehold | 196.9 | 17,460 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 4 | GLP Yokohama | GLP Yokohama | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 119,350.9 | Jun-05 | 100% | Freehold | 303.3 | 26,890 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 5 | GLP Narashino II | GLP Narashino II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 107,452.0 | Aug-91 | 100% | Freehold | 192.5 | 17,070 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 6 | GLP Tokyo II | GLP Tokyo II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 102,989.8 | Apr-06 | 100% | Freehold | 353.3 | 31,320 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 7 | GLP Maishima I | GLP Maishima I | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 93,021.3 | Jul-06 | 100% | Freehold | 158.6 | 14,060 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 8 | GLP Kazo | GLP Kazo | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 76,532.7 | Mar-05 | 100% | Freehold | 125.6 | 11,140 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 9 | GLP Tokyo | GLP Tokyo | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 74,356.8 | Nov-03 | 100% | Freehold | 240.5 | 21,320 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 10 | GLP Tosu I | GLP Tosu I | Japan | Fukuoka | 100% | Office and Logistic Facility | Completed | Land title obtained | 73,037.0 | Jan-08 | 100% | Freehold | 92.6 | 8,210 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 11 | GLP Soka | GLP Soka | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 71,205.6 | Apr-88 | 100% | Freehold | 216.8 | 19,220 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 12 | GLP Urayasu III | GLP Urayasu III | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 69,150.1 | Mar-06 | 100% | Freehold | 189.4 | 16,790 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 13 | GLP Misato II | GLP Misato II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 61,297.7 | Sep-08 | 100% | Freehold | 164.4 | 14,580 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 14 | GLP Sugito | GLP Sugito | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 58,832.5 | Jul-05 | 100% | Freehold | 79.7 | 7,070 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |

| No. | Logistic park name | Property name | Country | City[1] | Effective stake | Asset type | Status as of 30 June 2010 | Land title status | GFA (sqm) | Completion date | Occupancy | Tenure/ Age (years) | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (¥mm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | GLP Komaki | GLP Komaki | Japan | Nagoya | 100% | Office and Logistic Facility | Completed | Land title obtained | 56,827.8 | Feb-08 | 100% | Freehold | 109.5 | 9,710 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 16 | GLP Maishima II | GLP Maishima II | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 56,536.1 | Oct-06 | 100% | Freehold | 117.6 | 10,430 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 17 | GLP Narita | GLP Narita | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 51,095.9 | Sep-03 | 91% | Freehold | 83.9 | 7,440 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 18 | GLP Urayasu IV | GLP Urayasu IV | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 48,721.6 | Jun-81 | 100% | Freehold | 156.3 | 13,860 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 19 | GLP Settsu | GLP Settsu | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 47,253.7 | Feb-68 | 100% | Freehold | 94.2 | 8,350 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 20 | GLP Shinsuna | GLP Shinsuna | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 47,013.8 | Mar-87 | 100% | Freehold | 168.5 | 14,940 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 21 | GLP Hirakata II | GLP Hirakata II | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 46,835.4 | Dec-00 | 100% | Freehold | 83.6 | 7,410 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 22 | GLP Misato | GLP Misato | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 46,767.6 | Jan-06 | 100% | Freehold | 156.1 | 13,840 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 23 | GLP Koshigaya II | GLP Koshigaya II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 45,314.7 | Jul-06 | 100% | Freehold | 105.1 | 9,320 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 24 | GLP Rokko | GLP Rokko | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 39,499.2 | Mar-91 | 100% | Freehold | 52.7 | 4,670 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 25 | GLP Sendai | GLP Sendai | Japan | Sendai | 100% | Office and Logistic Facility | Completed | Land title obtained | 38,266.4 | Jan-07 | 100% | Freehold | 62.0 | 5,500 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 26 | GLP Funabashi II | GLP Funabashi II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 37,501.7 | Jan-89 | 46% | Freehold | 72.0 | 6,380 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 27 | GLP Higashi-ogishima | GLP Higashi-ogishima | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 34,768.9 | Aug-87 | 100% | Freehold | 60.6 | 5,370 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 28 | GLP Hirakata | GLP Hirakata | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 33,166.8 | Sep-85 | 100% | Freehold | 57.2 | 5,070 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 29 | GLP Urayasu II | GLP Urayasu II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 32,990.6 | Nov-89 | 100% | Freehold | 72.7 | 6,450 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |

| No. | Logistic park name | Property name | Country | City[1] | Effective stake | Asset type | Status as of 30 June 2010 | Land title status | GFA (sqm) | Completion date | Occupancy | Tenure/ Age (years) | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (¥mm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 | GLP Tokai | GLP Tokai | Japan | Nagoya | 100% | Office and Logistic Facility | Completed | Land title obtained | 32,650.1 | Jul-04 | 100% | Freehold | 68.2 | 6,050 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 31 | GLP Iwatsuki | GLP Iwatsuki | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 31,890.0 | Aug-08 | 100% | Freehold | 74.8 | 6,630 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 32 | GLP Shiga | GLP Shiga | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 31,386.7 | Oct-91 | 100% | Freehold | 41.5 | 3,680 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 33 | GLP Koriyama III | GLP Koriyama III | Japan | Sendai | 100% | Office and Logistic Facility | Completed | Land title obtained | 30,273.8 | Feb-93 | 68% | Freehold | 35.2 | 3,120 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 34 | GLP Tomisato | GLP Tomisato | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 30,181.5 | Jul-07 | 100% | Freehold | 49.0 | 4,340 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 35 | GLP Akishima | GLP Akishima | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 28,942.0 | Feb-01 | 100% | Freehold | 78.0 | 6,920 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 36 | GLP Urayasu | GLP Urayasu | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 28,344.3 | Apr-03 | 100% | Freehold | 74.1 | 6,570 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 37 | GLP Narita II | GLP Narita II | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 28,110.4 | Feb-05 | 100% | Freehold | 36.2 | 3,210 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 38 | GLP Fukusaki | GLP Fukusaki | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 26,483.9 | Jul-04 | 100% | Freehold | 37.9 | 3,360 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 39 | GLP Shonan | GLP Shonan | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 25,441.1 | Dec-99 | 100% | Freehold | 56.8 | 5,040 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 40 | GLP Kiyama | GLP Kiyama | Japan | Fukuoka | 100% | Office and Logistic Facility | Completed | Land title obtained | 25,399.3 | Nov-08 | 100% | Freehold | 52.2 | 4,630 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 41 | GLP Koriyama I | GLP Koriyama I | Japan | Sendai | 100% | Office and Logistic Facility | Completed | Land title obtained | 25,351.7 | Aug-08 | 100% | Freehold | 45.0 | 3,990 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 42 | GLP Tomiya IV | GLP Tomiya IV | Japan | Sendai | 100% | Office and Logistic Facility | Completed | Land title obtained | 23,716.6 | Nov-98 | 100% | Freehold | 36.2 | 3,210 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 43 | GLP Narashino | GLP Narashino | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 23,563.9 | Sep-89 | 100% | Freehold | 48.3 | 4,280 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 44 | GLP Hiroshima | GLP Hiroshima | Japan | Hiroshima | 100% | Office and Logistic Facility | Completed | Land title obtained | 23,028.9 | Feb-89 | 100% | Freehold | 45.5 | 4,030 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |

| No. | Logistic park name | Property name | Country | City[1] | Effective stake | Asset type | Status as of 30 June 2010 | Land title status | GFA (sqm) | Completion date | Occupancy | Tenure/ Age (years) | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (¥mm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 45 | GLP Fukaehama | GLP Fukaehama | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 22,209.9 | Feb-07 | 100% | Freehold | 42.4 | 3,760 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 46 | GLP Fukaya | GLP Fukaya | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 21,671.4 | Jan-91 | 100% | Freehold | 29.1 | 2,580 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 47 | GLP Kasukabe | GLP Kasukabe | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 20,600.6 | Jul-04 | 100% | Freehold | 44.8 | 3,970 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 48 | GLP Tomiya | GLP Tomiya | Japan | Sendai | 100% | Office and Logistic Facility | Completed | Land title obtained | 20,520.0 | Apr-06 | 100% | Freehold | 29.6 | 2,620 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 49 | GLP Nishinomiya | GLP Nishinomiya | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 19,731.6 | Oct-79 | 100% | Freehold | 27.6 | 2,450 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 50 | GLP Shinkiba | GLP Shinkiba | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 19,675.7 | Aug-02 | 100% | Freehold | 112.1 | 9,940 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 51 | GLP Hachioji | GLP Hachioji | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 18,802.5 | Mar-72 | 100% | Freehold | 20.3 | 1,800 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 52 | GLP Nara | GLP Nara | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 18,754.1 | Nov-69 | 100% | Freehold | 28.3 | 2,510 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 53 | GLP Okegawa | GLP Okegawa | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 17,568.5 | Jul-93 | 100% | Freehold | 22.2 | 1,970 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 54 | GLP Tsumori | GLP Tsumori | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 16,882.1 | Oct-81 | 100% | Freehold | 23.6 | 2,090 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 55 | GLP Sapporo | GLP Sapporo | Japan | Sapporo | 100% | Office and Logistic Facility | Completed | Land title obtained | 16,034.3 | Feb-83 | 100% | Freehold | 18.0 | 1,600 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 56 | GLP Fukuoka | GLP Fukuoka | Japan | Fukuoka | 100% | Office and Logistic Facility | Completed | Land title obtained | 16,017.5 | Jan-88 | 100% | Freehold | 22.7 | 2,010 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 57 | GLP Hayashima | GLP Hayashima | Japan | Hiroshima | 100% | Office and Logistic Facility | Completed | Land title obtained | 15,252.0 | Nov-89 | 94% | Freehold | 12.6 | 1,120 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 58 | GLP Hayashima II | GLP Hayashima II | Japan | Hiroshima | 100% | Office and Logistic Facility | Completed | Land title obtained | 14,517.5 | Dec-07 | 100% | Freehold | 26.8 | 2,380 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 59 | GLP Ogimachi | GLP Ogimachi | Japan | Sendai | 100% | Office and Logistic Facility | Completed | Land title obtained | 13,987.0 | Aug-74 | 100% | Freehold | 17.5 | 1,550 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |

| No. | Logistic park name | Property name | Country | City[1] | Effective stake | Asset type | Status as of 30 June 2010 | Land title status | GFA (sqm) | Completion date | Occupancy | Tenure/ Age (years) | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (¥mm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 60 | GLP Kadoma | GLP Kadoma | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 13,665.7 | Jan-80 | 100% | Freehold | 24.2 | 2,150 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 61 | GLP Chikushino | GLP Chikushino | Japan | Fukuoka | 100% | Office and Logistic Facility | Completed | Land title obtained | 13,551.3 | Mar-71 | 100% | Freehold | 16.8 | 1,490 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 62 | GLP Tatsumi | GLP Tatsumi | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 12,925.6 | Sep-03 | 100% | Freehold | 55.2 | 4,890 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 63 | GLP Amagasaki II | GLP Amagasaki II | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 12,837.0 | Feb-92 | 100% | Freehold | 24.4 | 2,160 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 64 | GLP Fujimae | GLP Fujimae | Japan | Nagoya | 100% | Office and Logistic Facility | Completed | Land title obtained | 12,506.4 | Oct-87 | 100% | Freehold | 19.9 | 1,760 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 65 | GLP Tosu III | GLP Tosu III | Japan | Fukuoka | 100% | Office and Logistic Facility | Completed | Land title obtained | 12,243.6 | Sep-82 | 100% | Freehold | 12.7 | 1,130 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 66 | GLP Funabashi | GLP Funabashi | Japan | Tokyo | 100% | Office and Logistic Facility | Completed | Land title obtained | 12,057.1 | Apr-90 | 100% | Freehold | 17.3 | 1,530 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 67 | GLP Sakai | GLP Sakai | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 11,003.6 | Sep-07 | 100% | Freehold | 23.2 | 2,060 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 68 | GLP Morioka | GLP Morioka | Japan | Sendai | 100% | Office and Logistic Facility | Completed | Land title obtained | 10,797.9 | Aug-80 | 100% | Freehold | 7.7 | 680 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |
| 69 | GLP Seishin | GLP Seishin | Japan | Osaka | 100% | Office and Logistic Facility | Completed | Land title obtained | 9,403.6 | Dec-95 | 100% | Freehold | 16.5 | 1,460 | Capitalisation & DCF, supported by Direct Comparison | CBRE PL |

Notes: All properties in the Japan Portfolio are subject to security interests of financial institutions, in the form of statutory liens (*ippan tanpo*), pledges and/or mortgages.

(1) "Tokyo" includes cities located in Kanto region; "Osaka" includes cities located in Kansai region; "Sendai" includes cities located in Tohoku region; "Fukuoka" includes cities located in Kyushu region; "Nagoya" includes cities located in Chubu region; "Hiroshima" includes cities located in Chugoku region; "Sapporo" includes cities located in Hokkaido region.

## (II) China

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3 & 4) | Land tenure expiry date | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (RMBmm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | GLP Park Northwest (E)[i] | Northwest #1-#5 | 21002 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 81,847 | 9 Oct 2054 & 27 Nov 2055 | 62.9 | 428 | Income Capitalisation & DCF Analysis | JLL Limited |
| 2 | GLP Park Songjiang (E) | Songjiang B1-B2 | 21010 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 46,130 | 4 Dec 2057 | 26.1 | 178 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Songjiang B3-B4 | | | | | Logistic Facility | Under development | Land title obtained | 50,640 | 29 Apr 2059 | 12.3 | 84 | Cost & Residual Methods | JLL Limited |
| 3 | GLP Park Minhang | Minhang B1-B5 | 21011 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 51,284 | 2 Sep 2054 | 39.2 | 267 | Income Capitalisation & DCF Analysis | JLL Limited |
| 4 | GLP Park Fengcheng | Fengcheng Lot A-C | 21020, 21024 & 21025 | PRC | Shanghai | 100% | Logistic Facility | Land held for future development | Land grant obtained | 122,488 | 50 years date of land grant contract (31 Dec 2006) | 14.7 | 100 | Direct Comparison & Residual Methods | JLL Limited |
| 5 | GLP Park Hongqiao West(E) | Hongqiao West E1-E4 | 21028 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 44,079 | 27 Aug 2053 | 25.3 | 172 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Hongqiao West B1-B4 | | | | | Logistic Facility | Under development | Land title obtained | 70,968 | | 20.7 | 141 | Cost & Residual Methods | JLL Limited |
| 6 | GLP Park Hongqiao North (E) | Hongqiao North A1 | 21036 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 46,346 | 3 Feb 2054 | 40.4 | 275 | Income Capitalisation & DCF Analysis | JLL Limited |
| 7 | GLP Park Pujiang | Pujiang Land I[(ii)*] | 21039 | PRC | Shanghai | 100% | See Note 5 | Completed | Land title obtained | 43,415 | 8 May 2053 | 22.3 | 152 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Pujiang Land II[(ii)] | | | | | See Note 5 | Land held for future development | Land title obtained | 111,140 | | 20.6 | 140 | Direct Comparison & Residual Methods | JLL Limited |
| 8 | GLP Park Pudong Heqing (E) | Pudong Heqing E1-E3 | 21042 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 44,223 (Note 6) | 16 Oct 2052 & 12 Sep 2054 | 36.0 | 245 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Pudong Heqing II | | | | | Logistic Facility | Land held for future development | Land title obtained | 70,000 | | 17.8 | 121 | Direct Comparison & Residual Methods | JLL Limited |
| 9 | GLP Park Meilong (E) | Meilong E1-E7 | 21046 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 46,488 | 17 Jun 2054 | 21.4 | 146 | Income Capitalisation & DCF Analysis | JLL Limited |
| 10 | GLP Park Laogang (E) | Laogang E1-E9[*] | 21048 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 35,927 | 16 Jun 2053 | 12.2 | 83 | Income Capitalisation & DCF Analysis | JLL Limited |
| 11 | GLP Park Jinqiao (E) | Jinqiao E1-E9[*] | 21051 | PRC | Shanghai | 100% | Industrial | Completed | Land title obtained | 154,912 | 29 Jun 2052 | 79.6 | 542 | Income Capitalisation & DCF Analysis | JLL Limited |
| 12 | GLP Park Shenjiang (E) | Shenjiang | 22007 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land title obtained | 73,665 | 30 Dec 2056 | 53.2 | 362 | Income Capitalisation & DCF Analysis | JLL Limited |

* Denotes properties that the Company and the relevant Independent Valuer classify differently. See "Notice to Investors — Classification of Properties".

(i) All the items marked with the letter "E" are property holding companies and/or properties having been pledged to financial institutions.

(ii) The relevant Group company has been notified by the relevant PRC governmental authority that the property has been put into a re-zoning plan and it has agreed to the re-zoning in principle. Upon agreement of a mutually acceptable compensation price, the relevant Group company is obliged to return the property to the relevant PRC governmental authority. The relevant Group company has to go through a public bidding process should it wish to acquire the re-zoned property.

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3 & 4) | Land tenure expiry date | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (RMBmm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 13 | GLP Park Lingang | Lingang Lot C C1-C3 & container yard; Lingang Lot D D1-D4 & container yard; Lingang Lot A container yard; Lingang Lot B1-B2; & Lingang Lot E1-E2* | 23002 | PRC | Shanghai | 50% | Logistic Facility & container yard | Completed | Land title obtained | 327,644 (warehouse) + 217,757 (lettable area for container yard) | Between 9 Sep 2055 & 21 Oct 2058; 50 years from 29 Jun 2058 for Lot F | 258.1 | 1,757 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Lingang Lot J, J2 & F | | | | | Logistic Facility | Land held for future development | Land title obtained; except Lot F with land grant obtained | 327,686 | | 31.9 | 217 | Direct Comparison & Residual Methods | JLL Limited |
| 14 | GLP Park Lingang Bonded | Lingang Bonded B1-B2 | 23004 | PRC | Shanghai | 50% | Logistic Facility | Completed | Land title obtained | 23,951 | 10 Dec 2056 | 13.2 | 90 | Income Capitalisation & DCF Analysis | JLL Limited |
| 15 | GLP Park Suzhou (E) | Suzhou Bonded* and Non-bonded Warehouses C1-C26, R1, G1, M1, I1, A1-A2 and a management office | 23001 | PRC | Suzhou | 50% | Logistic Facility | Completed | Land title obtained except C11 | 442,700 | Aug 2050 to Dec 2059 | 257.6 | 1,754 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Suzhou C27 (Bonded) and C28 (Non-bonded) | | | | | Logistic Facility | Under development | Land title obtained; except C28 with land grant obtained (Note 7) | 48,873 | | 20.3 | 138 | Cost & Residual Methods | JLL Limited |
| | | Suzhou IX-1 & IX-2 | | | | | Logistic Facility | Land held for future development | Land grant obtained (Note 7) | 47,675 | | 7.2 | 49 | Direct Comparison & Residual Methods | JLL Limited |
| 16 | GLP Park Suzhou Industrial (Genway) (E) | Genway 22 BTS Workshops and 67 Standard Workshops | 23006/ 23007 | PRC | Suzhou | 50% | Industrial | Completed | Land title obtained | 671,124 | Dec 2046 to Mar 2056 | 259.1 | 1,764 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Samsung IV | | | | | Industrial | Under development | Land title obtained | 13,917 | | 8.4 | 57 | Cost & Residual Methods | JLL Limited |
| | | Genway Land 1-6 | | | | | Industrial | Land held for future development | Land title obtained | 99,895 | | 13.1 | 89 | Direct Comparison & Residual Methods | JLL Limited |
| 17 | GLP Park Wuzhong | Wuzhong E1 | 21043 | PRC | Suzhou | 100% | Logistic Facility | Completed | Land title obtained | 14,311 | 2 Jul 2050 | 5.4 | 37 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Wuzhong B1 | | | | | Logistic Facility | Land held for future development | Land title obtained | 13,446 | | 1.3 | 9 | Direct Comparison & Residual Methods | JLL Limited |
| 18 | GLP Park Wangting | Wangting B1-B3 | 23005 | PRC | Suzhou | 50% | Logistic Facility | Completed | Land title obtained | 33,588 | 7 Oct 2057 | 12.5 | 85 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Wangting II & III | | | | | Logistic Facility | Land held for future development | Land title obtained | 58,320 | | 6.2 | 42 | Direct Comparison & Residual Methods | JLL Limited |
| 19 | GLP Park Dianshanhu | Dianshanhu | 21053 | PRC | Suzhou | 100% | Logistic Facility | Land held for future development | Land grant obtained | 52,488 | 50 years from date of handover (8 May 2010) | 5.0 | 34 | Direct Comparison & Residual Methods | JLL Limited |
| 20 | GLP Park Kunshan | Kunshan Land #1 | 22009 | PRC | Suzhou | 90% | Logistic Facility | Land held for future development | Land grant obtained | 22,634 | 50 years from date of handover (2 Jun 2010) | 2.2 | 15 | Direct Comparison & Residual Methods | JLL Limited |
| 21 | GLP Park Jiangning | Jiangning A1-A2 | 21015 | PRC | Nanjing | 100% | Logistic Facility | Completed | Land grant obtained partially (Note 8) | 45,878 | 50 years from date of handover (8 Jul 2010) (Note 8) | 17.6 | 120 (Note 8) | Income Capitalisation & DCF Analysis | JLL Limited |
| 22 | GLP Park WND (E) | WND B1-B2 | 21019 | PRC | Wuxi | 100% | Logistic Facility | Completed | Land title obtained | 39,365 | 30 Dec 2056 | 16.6 | 113 | Income Capitalisation & DCF Analysis | JLL Limited |

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3 & 4) | Land tenure expiry date | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (RMBmm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 23 | GLP Park HEDA (E) | HEDA A2-A3 & B1-B3 | 21007 | PRC | Hangzhou | 100% | Logistic Facility | Completed | Land title obtained | 84,589 | 30 Dec 2055 | 43.3 | 295 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | HEDA A1 | | | | | | Under development | Land title obtained | 14,365 | | 3.5 | 24 | Cost & Residual Methods | JLL Limited |
| 24 | GLP Park Beilun | Beilun B1-B4* | 21033 | PRC | Ningbo | 100% | Logistic Facility | Under development | Land title obtained | 65,282 | 22 Jan 2058 | 20.0 | 136 | Cost & Residual Methods | JLL Limited |
| 25 | GLP Park Hangzhou Bay | Hangzhou Bay Lot A & B (B1-B4) | 21026/ 21027 | PRC | Ningbo | 100% | Logistic Facility | Land held for future development | Land title obtained | 63,473 | 14 Nov 2056 | 5.3 | 36 | Direct Comparison & Residual Methods | JLL Limited |
| 26 | GLP Park Xiuzhou | Xiuzhou B1(iii)* | 21017 | PRC | Jiaxing | 100% | Logistic Facility | Under development | Land title obtained | 19,833 | 13 Sep 2057 | 2.9 | 20 | Cost & Residual Methods | JLL Limited |
| | | Xiuzhou Land(iii) | | | | | | Land held for future development | Land title obtained | 39,666 | | 4.0 | 27 | Direct Comparison & Residual Methods | JLL Limited |
| 27 | GLP Park Jiashan | Jiashan I & II | 21035 | PRC | Jiaxing | 100% | Logistic Facility | Land held for future development | Land title obtained | 69,081 | 50 years from date of handover (15 Jan 2008 & 23 Oct 2008) | 5.4 | 37 | Direct Comparison & Residual Methods | JLL Limited |
| 28 | GLP Park Qingdao Airport East | Qingdao Airport East B3-B4 | 21012 | PRC | Qingdao | 100% | Logistic Facility | Completed | Land title obtained | 22,913 | 21 Dec 2056 | 11.9 | 81 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Qingdao Airport East B1-B2 | | | | | Logistic Facility | Under development | Land title obtained | 22,366 | | 4.6 | 31 | Cost & Residual Methods | JLL Limited |
| 29 | GLP Park Qianwan Port | Qianwan Port A1-A4 | 21013 | PRC | Qingdao | 100% | Logistic Facility | Land held for future development | Land title obtained | 115,000 | 17 Sep 2057 | 19.1 | 130 | Direct Comparison & Residual Methods | JLL Limited |
| 30 | GLP Park Jiaonan | Jiaonan | 21014 | PRC | Qingdao | 100% | Logistic Facility | Land held for future development | Land grant obtained | 40,000 | 21 Nov 2056 | 1.2 | 8 | Direct Comparison & Residual Methods | JLL Limited |
| 31 | GLP Park Qingdao Airport West | Qingdao Airport West B1 & B5-B12* | 21030 | PRC | Qingdao | 100% | Logistic Facility | Completed | Land title obtained | 82,937 | 8 May 2057 | 36.7 | 250 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Qingdao Airport West B2 & B4 (Bonded); Qingdao Airport West B3 (Non-bonded) | | | | | Logistic Facility | Land held for future development | Land title obtained | 30,000 | | 3.5 | 24 | Direct Comparison & Residual Methods | JLL Limited |
| 32 | GLP Park Beijing Airport (E) | Beijing Airport B1-B4 | 21005 | PRC | Beijing | 100% | Logistic Facility | Completed | Land title obtained | 101,119 | B1 to B3 : 18 Aug 2054 & B4 to B5 : 30 Oct 2057 | 57.1 | 389 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Beijing Airport B5 | | PRC | Beijing | 100% | Logistic Facility | Land held for future development | Land title obtained | 29,660 | | 5.7 | 39 | Direct Comparison & Residual Methods | JLL Limited |
| 33 | GLP Park Tongzhou | Tongzhou B1-B2 | 21009 | PRC | Beijing | 100% | Logistic Facility | Completed | Land title obtained | 27,046 | 14 Feb 2057 | 18.4 | 125 | Income Capitalisation & DCF Analysis | JLL Limited |
| 34 | GLP Park Daxing | Daxing* | 22006 | PRC | Beijing | 70% | Logistic Facility | Under development | Land title obtained | 94,972 | 16 Aug 2057 | 19.1 | 130 | Cost & Residual Methods | JLL Limited |
| 35 | GLP Park Tongzhou OIP | Tongzhou OIP B1-B3 | 21005 | PRC | Beijing | 100% | Logistic Facility | Completed | Land title obtained | 45,597 | 23 Mar 2058 | 25.4 | 173 | Income Capitalisation & DCF Analysis | JLL Limited |

(iii) The relevant Group company subsequently signed a land swap agreement with the relevant PRC governmental authority. According to the land swap agreement, it shall return the property to the relevant PRC governmental authority, whereupon the relevant PRC governmental authority shall return to it the land premium it paid originally. In turn, the PRC government authority shall agree to grant the land use rights of another property acceptable to it, and such grant to it shall be subject to public auction.

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3 & 4) | Land tenure expiry date | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (RMBmm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 36 | GLP Park Dalian Port (E) | Dalian Port W1-W5 & M1 | 22003 | PRC | Dalian | 60% | Logistic Facility | Completed | Land title obtained | 144,827 | W1,W2,W4,W5 & M1 : 30 Sep 2054 & W3 : 15 Apr 2053 | 70.6 | 481 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Dalian Port Lot 5 & Lot 6 | | | | | Logistic Facility | Land held for future development | Land title obtained | 249,317 | 30 Sep 2054 | 34.5 | 235 | Direct Comparison & Residual Methods | JLL Limited |
| 37 | GLP Park Dayaowan | Dayaowan A1-A2 | 22003 | PRC | Dalian | 60% | Logistic Facility | Completed | Land title obtained | 33,702 | 30 Dec 2056 | 14.1 | 96 | Income Capitalisation & DCF Analysis | JLL Limited |
| 38 | GLP Park SEDA | SEDA B1 | 22004 | PRC | Shenyang | 60% | Logistic Facility | Completed | Land title obtained | 18,090 | 5 Mar 2058 | 7.9 | 54 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | SEDA II B2-B3 | | | | | Logistic Facility | Land held for future development | Land title obtained | 37,265 | 5 Mar 2058 | 3.7 | 25 | Direct Comparison & Residual Methods | JLL Limited |
| 39 | GLP Park TEDA (E) | TEDA B1-B6 | 22001 | PRC | Tianjin | 80% | Logistic Facility | Completed | Land title obtained | 81,707 | 7 Oct 2055 & 6 Sep 2056 | 42.9 | 292 | Direct Comparison, Income Capitalisation & DCF Analysis | JLL Limited |
| | | TEDA B7-B8 | | | | | Logistic Facility | Under development | Land title obtained | 24,639 | | 8.1 | 55 | Cost & Residual Methods | JLL Limited |
| | | TEDA IV | | | | | Logistic Facility | Land held for future development | Land title obtained | 25,626 | | 3.4 | 23 | Direct Comparison & Residual Methods | JLL Limited |
| 40 | GLP Park Tianjin AIP | Tianjin AIP B1-B5 | 21021 | PRC | Tianjin | 100% | Logistic Facility | Completed | Land title obtained | 65,499 | B1 to B2 : 5 Dec 2056 & B3 to B5 : 6 Dec 2056 | 29.4 | 200 | Direct Comparison, Income Capitalisation & DCF Analysis | JLL Limited |
| 41 | GLP Park Xiqing | Xiqing B1-B2 | 21031 | PRC | Tianjin | 100% | Logistic Facility | Completed | Land title obtained | 40,771 | 25 Nov 2057 | 18.7 | 127 | Direct Comparison, Income Capitalisation & DCF Analysis | JLL Limited |
| | | Xiqing II | | | | | Logistic Facility | Land held for future development | Land grant obtained | 32,094 | 50 years from date of handover (TBC) | 3.1 | 21 | Direct Comparison & Residual Methods | JLL Limited |
| 42 | GLP Park Sanshan (E) | Sanshan B5-B8 | 21006 | PRC | Foshan | 100% | Logistic Facility | Completed | Land title obtained | 82,891 | 12 Apr 2056 & 17 Aug 2058 | 37.0 | 252 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Sanshan B1-B2 | | | | | Logistic Facility | Under development | Land title obtained | 34,927 | | 9.0 | 61 | Cost & Residual Methods | JLL Limited |
| 43 | GLP Park Shunde | Shunde B1-B2 | 21029 | PRC | Foshan | 100% | Logistic Facility | Completed | Land title obtained | 43,836 | 19 Mar 2057 & 29 Jun 2057 | 17.9 | 122 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Shunde II | | | | | Logistic Facility | Land held for future development | Land title obtained | 48,420 | | 4.3 | 29 | Direct Comparison & Residual Methods | JLL Limited |
| 44 | GLP Park Yunpu (E) | Yunpu K1 B5-B6, N3, G1 A1-A2 & G3 B1-B2 | 21003 | PRC | Guangzhou | 100% | Logistic Facility | Completed | Land title obtained | 171,757 | 27 Dec 2055, 24 Apr 2056 & 28 Jun 2057 | 89.6 | 610 | Income Capitalisation & DCF Analysis | JLL Limited |
| 45 | GLP Park Guangzhou Bonded (E) | Guangzhou Bonded #1-#2 | 21004 | PRC | Guangzhou | 100% | Logistic Facility | Completed | Land title obtained | 44,201 | 21 Nov 2054 & 15 Apr 2057 | 18.4 | 125 | Income Capitalisation & DCF Analysis | JLL Limited |
| 46 | GLP Park Zengcheng (Xintang) | Zengcheng B1-B6 | 21004<br>21049 | PRC | Guangzhou | 100% | Logistic Facility | Under development | Land title obtained | 112,757 | 15 Oct 2056 & 28 Jun 2057 | 21.0 | 143 | Cost & Residual Methods | JLL Limited |
| 47 | GLP Park Nangang (E) | Nangang A-E | 21016 | PRC | Guangzhou | 100% | Logistic Facility | Completed | Land title obtained | 76,740 | 10 Nov 2054 | 38.6 | 263 | Income Capitalisation & DCF Analysis | JLL Limited |
| 48 | GLP Park Longgang | Longgang I | 22005 | PRC | Shenzhen | 51% | Logistic Facility | Completed | Land title obtained | 41,292 | 28 Mar 2055 | 28.8 | 196 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Longgang II | | | | | Logistic Facility | Land held for future development | Land title obtained | 78,000 | | 10.0 | 68 | Direct Comparison & Residual Methods | JLL Limited |

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3 & 4) | Land tenure expiry date | Valuation as at 30 June 2010 (USDmm) | Valuation as at 30 June 2010 (RMBmm) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 49 | GLP Park Yantian | Yantian A1-A2 | 23003 | PRC | Shenzhen | 50% | Logistic Facility | Completed | Land title obtained | 89,566 | 29 Jun 2057 | 56.7 | 386 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Yantian II | | | | | Logistic Facility | Land held for future development | Land title obtained | 42,390 | | 9.4 | 64 | Direct Comparison & Residual Methods | JLL Limited |
| 50 | GLP Park Futian | Futian | 21052 | PRC | Shenzhen | 100% | Logistic Facility | Completed | Land title obtained | 37,619 | 10 Jul 2053 | 37.6 | 256 | Direct Comparison, Income Capitalisation & DCF Analysis | JLL Limited |
| 51 | GLP Park Zhuhai | Zhuhai I, II & III | 22008 | PRC | Zhuhai | 70% | Logistic Facility | Land held for future development | Land grant obtained | 197,343 | 5 Aug 2058 | 27.5 | 187 | Direct Comparison & Residual Methods | JLL Limited |
| 52 | GLP Park Chongqing | Chongqing B1 | 21018 | PRC | Chongqing | 100% | Logistic Facility | Completed | Land title obtained | 18,687 | 22 Oct 2056 & 24 Dec 2056 | 7.8 | 53 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | Chongqing II B1-B6(iv) | | | | | Logistic Facility | Under development | Land grant obtained | 68,674 | | 15.3 | 104 | Cost & Residual Methods | JLL Limited |
| 53 | GLP Park CDHT | CDHT B1, B4-B5 | 21038 | PRC | Chengdu | 100% | Logistic Facility | Completed | Land title obtained | 29,694 | 9 Mar 2058 & 14 Mar 2060 | 11.3 | 77 | Income Capitalisation & DCF Analysis | JLL Limited |
| | | CDHT B6-B8 | | | | | Logistic Facility | Under development | Land grant obtained | 56,437 | | 4.8 | 33 | Cost & Residual Methods | JLL Limited |

Note

1. Full valuation reports have been prepared for all the above properties on the basis of 100% property interest.
2. "Completed" denotes completed properties, "Under development" denotes construction in progress and "Land held for future development" denotes land under land grant contract and/or land certificate.
3. Where GFA from title certificates are not available, we have adopted GFA as provided by GLP.
4. For properties under development and land held for future development, GFA denotes the proposed GFA for the planned future development.
5. Existing buildings on site are used for research and development buildings and staff quarters.
6. Renovation works were under taken in warehouse E1 to combine Level 1 & 2 into one floor level. We were advised by GLP that they will apply to revise the original GFA (51,578$m^2$) in the title certificate to 44,223$m^2$.
7. Land title subsequently obtained in July 2010.
8. Land grant obtained for 27,046.9$m^2$ and the remaining 61,133.1$m^2$ to be acquired within 2010. The Market Value is subject to acquisition of the remaining land parcel and land premium payable to the Government.

(iv) Supplementary land grant contracts were subsequently signed whereby part of Chongqing II, with the valuation of US$2.9 million as at June 30, 2010, is to be returned to the relevant PRC governmental authority, and another property with an estimated value of US$0.03 million is to be acquired by the relevant Group company.

## (III) China (Land Reserve)

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3) | Land tenure expiry date | Reference value as at 30 June 2010 (USDmm) (Note 4 to 7) | Reference value as at 30 June 2010 (RMBmm) (Note 4 to 7) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | GLP Park Songjiang | Songjiang III-A | 21010 | PRC | Shanghai | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 52,207 | 50 years from date of grant | 7.2 | 49 | Direct Comparison & Residual Methods | JLL Limited |
| | | Songjiang III-B | | | | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 67,521 | 50 years from date of grant | 9.3 | 63 | Direct Comparison & Residual Methods | JLL Limited |
| | | Songjiang IV | | | | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 133,334 | 50 years from date of grant | 18.9 | 129 | Direct Comparison & Residual Methods | JLL Limited |
| 2 | GLP Park Pudong Airport | Pudong Airport | 21011 | PRC | Shanghai | 100% | Logistic Facility | Under development | Land under Master Agreement/ MOU/LOI | 86,579 | 20 Nov 2055 | 24.5 | 167 | Cost & Residual Methods | JLL Limited |
| 3 | GLP Park Lingang | Lingang Lot G[(a)] | 23002 | PRC | Shanghai | 50% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 80,674 | 50 years from date of grant | 8.1 | 55 | Direct Comparison & Residual Methods | JLL Limited |
| | | Lingang Lot H & K | | | | 50% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 157,572 | 50 years from date of grant | 15.9 | 108 | Direct Comparison & Residual Methods | JLL Limited |
| 4 | GLP Park Wujing | Wujing | TBD | PRC | Shanghai | 90% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 36,408 | 50 years from date of grant | 10.1 | 69 | Direct Comparison & Residual Methods | JLL Limited |
| 5 | GLP Park Minbei | Minbei | 21036 | PRC | Shanghai | 100% | Logistic Facility | Completed | Land under Master Agreement/ MOU/LOI | 22,109 | 29 Nov 2056 | 25.4 | 173 | Income Capitalisation & DCF Analysis | JLL Limited |
| 6 | GLP Park Zhuqiao | Zhuqiao I | TBD | PRC | Shanghai | 70% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 100,000 | 50 years from date of grant | 26.4 | 180 | Direct Comparison & Residual Methods | JLL Limited |
| | | Zhuqiao II | | | | 70% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 200,000 | 50 years from date of grant | 52.9 | 360 | Direct Comparison & Residual Methods | JLL Limited |

(a) A land grant contract was subsequently signed.

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3) | Land tenure expiry date | Reference value as at 30 June 2010 (USDmm) (Note 4 to 7) | Reference value as at 30 June 2010 (RMBmm) (Note 4 to 7) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Zhuqiao III | | | | 70% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 433,480 | 50 years from date of grant | 103.1 | 702 | Direct Comparison & Residual Methods | JLL Limited |
| 7 | GLP Park Fengxian | Fengxian I | TBD | PRC | Shanghai | 50% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 133,333 | 50 years from date of grant | 11.7 | 80 | Direct Comparison & Residual Methods | JLL Limited |
| | | Fengxian II | | | | 50% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 400,000 | 50 years from date of grant | 33.8 | 230 | Direct Comparison & Residual Methods | JLL Limited |
| 8 | GLP Park Kunshan | Kunshan Land #2[(b)] | 22009 | PRC | Suzhou | 90% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 1,654 | 50 years from date of grant | 0.1 | 1 | Direct Comparison & Residual Methods | JLL Limited |
| 9 | GLP Park Qiandeng | Qiandeng I[(c)] | TBD | PRC | Suzhou | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 41,076 | 50 years from date of grant | 4.0 | 27 | Direct Comparison & Residual Methods | JLL Limited |
| | | Qiandeng II[(c)] | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 44,712 | 50 years from date of grant | 3.8 | 26 | Direct Comparison & Residual Methods | JLL Limited |
| | | Qiandeng III | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 112,776 | 50 years from date of grant | 10.0 | 68 | Direct Comparison & Residual Methods | JLL Limited |
| 10 | GLP Park Beilun | Beilun Land #2 (Container Yard) | 21033 | PRC | Ningbo | 100% | Container yard | Land reserve | Land under Master Agreement/ MOU/LOI | 53,334 (lettable) | 50 years from date of grant | 7.3 | 50 | Direct Comparison & Residual Methods | JLL Limited |
| 11 | GLP Park Huamao | Huamao | TBD | PRC | Nanjing | 100% | Logistic Facility | Under development (to be purchased as completed property) | Land under Master Agreement/ MOU/LOI | 57,797 | 50 years from date of grant | 18.7 | 127 | Income Capitalisation & DCF Analysis | JLL Limited |
| 12 | GLP Park Zhongshan | Zhongshan I | TBD | PRC | Zhongshan | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 22,570 | 50 years from date of grant | 2.5 | 17 | Direct Comparison & Residual Methods | JLL Limited |

(b) The relevant Group company is in the process of signing a land grant contract with the relevant PRC governmental authority.

(c) The relevant Group company is in the process of bidding for a land grant regarding part of Qiandeng I and Qiandeng II with the relevant PRC governmental authority and is targeting to sign the land grant contract soon.

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3) | Land tenure expiry date | Reference value as at 30 June 2010 (USDmm) (Note 4 to 7) | Reference value as at 30 June 2010 (RMBmm) (Note 4 to 7) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Zhongshan II | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 83,375 | 50 years from date of grant | 9.5 | 65 | Direct Comparison & Residual Methods | JLL Limited |
| | | Zhongshan III | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 83,375 | 50 years from date of grant | 9.5 | 65 | Direct Comparison & Residual Methods | JLL Limited |
| | | Zhongshan IV | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 109,055 | 50 years from date of grant | 12.3 | 84 | Direct Comparison & Residual Methods | JLL Limited |
| 13 | GLP Park Sanshui | Sanshui I | TBD | PRC | Foshan | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 70,000 | 50 years from date of grant | 6.0 | 41 | Direct Comparison & Residual Methods | JLL Limited |
| | | Sanshui II | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 80,000 | 50 years from date of grant | 6.9 | 47 | Direct Comparison & Residual Methods | JLL Limited |
| | | Sanshui III | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 80,000 | 50 years from date of grant | 6.9 | 47 | Direct Comparison & Residual Methods | JLL Limited |
| | | Sanshui IV | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 103,897 | 50 years from date of grant | 8.8 | 60 | Direct Comparison & Residual Methods | JLL Limited |
| | | Sanshui V | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 110,000 | 50 years from date of grant | 9.3 | 63 | Direct Comparison & Residual Methods | JLL Limited |
| 14 | GLP Park Hunnan | Hunnan | TBD | PRC | Shenyang | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 44,762 | 50 years from date of grant | 3.7 | 25 | Direct Comparison & Residual Methods | JLL Limited |
| 15 | GLP Park Langfang | Langfang I-A & B | TBD | PRC | Langfang | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 91,713 | 50 years from date of grant | 8.7 | 59 | Direct Comparison & Residual Methods | JLL Limited |
| | | Langfang II | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 91,713 | 50 years from date of grant | 8.7 | 59 | Direct Comparison & Residual Methods | JLL Limited |
| | | Langfang III | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 91,713 | 50 years from date of grant | 8.7 | 59 | Direct Comparison & Residual Methods | JLL Limited |

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3) | Land tenure expiry date | Reference value as at 30 June 2010 (USDmm) (Note 4 to 7) | Reference value as at 30 June 2010 (RMBmm) (Note 4 to 7) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Langfang IV | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 91,713 | 50 years from date of grant | 8.7 | 59 | Direct Comparison & Residual Methods | JLL Limited |
| | | Langfang V | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 91,713 | 50 years from date of grant | 8.7 | 59 | Direct Comparison & Residual Methods | JLL Limited |
| | | Langfang VI | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 91,713 | 50 years from date of grant | 8.7 | 59 | Direct Comparison & Residual Methods | JLL Limited |
| | | Langfang VII | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 366,850 | 50 years from date of grant | 31.4 | 214 | Direct Comparison & Residual Methods | JLL Limited |
| 16 | GLP Park THIP | THIP I | TBD | PRC | Tianjin | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 27,000 | 50 years from date of grant | 3.5 | 24 | Direct Comparison & Residual Methods | JLL Limited |
| | | THIP (Container Yard) | | | | | Container yard | Land reserve | Land under Master Agreement/ MOU/LOI | 34,000 | 50 years from date of grant | 2.3 | 16 | Direct Comparison & Residual Methods | JLL Limited |
| | | THIP II | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 55,000 | 50 years from date of grant | 5.9 | 40 | Direct Comparison & Residual Methods | JLL Limited |
| | | THIP III | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 55,000 | 50 years from date of grant | 5.9 | 40 | Direct Comparison & Residual Methods | JLL Limited |
| 17 | GLP Park JNEDZ | JNEDZ I | TBD | PRC | Nanjing | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 33,333 | 50 years from date of grant | 2.8 | 19 | Direct Comparison & Residual Methods | JLL Limited |
| | | JNEDZ II | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 50,000 | 50 years from date of grant | 4.3 | 29 | Direct Comparison & Residual Methods | JLL Limited |
| | | JNEDZ III | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 50,000 | 50 years from date of grant | 4.3 | 29 | Direct Comparison & Residual Methods | JLL Limited |
| | | JNEDZ IV | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 33,333 | 50 years from date of grant | 2.8 | 19 | Direct Comparison & Residual Methods | JLL Limited |

| No. | Logistics park name | Property name | Business unit code | Country | City | Effective stake (Note 1) | Asset type | Status as of 30 June 2010 (Note 2) | Land title status | GFA (sq.m.) (Note 3) | Land tenure expiry date | Reference value as at 30 June 2010 (USDmm) (Note 4 to 7) | Reference value as at 30 June 2010 (RMBmm) (Note 4 to 7) | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18 | GLP Park Dongli | Dongli I | TBD | PRC | Tianjin | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 34,488 | 50 years from date of grant | 4.3 | 29 | Direct Comparison & Residual Methods | JLL Limited |
| | | Dongli II | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 34,488 | 50 years from date of grant | 4.3 | 29 | Direct Comparison & Residual Methods | JLL Limited |
| | | Dongli III | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 51,732 | 50 years from date of grant | 5.9 | 40 | Direct Comparison & Residual Methods | JLL Limited |
| | | Dongli IV | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 51,732 | 50 years from date of grant | 5.9 | 40 | Direct Comparison & Residual Methods | JLL Limited |
| 19 | GLP Park Jiangning | Jiangning A3-A6 | 21015 | PRC | Nanjing | 100% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 95,545 | 50 years from date of grant | 7.0 | 48 | Direct Comparison & Residual Methods | JLL Limited |
| 20 | GLP Park Yantian | Yantian Land #3 | 23003 | PRC | Shenzhen | 50% | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 34,711 | 50 years from date of grant | 7.6 | 52 | Direct Comparison & Residual Methods | JLL Limited |
| | | Yantian Land #4 | | | | | Logistic Facility | Land reserve | Land under Master Agreement/ MOU/LOI | 86,338 | | 18.9 | 129 | Direct Comparison & Residual Methods | JLL Limited |

Note
1. Full valuation reports have been prepared for all the above properties on the basis of 100% property interest.
2. “Completed” denotes completed properties, “Under development” denotes construction in progress and “Land reserve” denotes land under master agreements, letters of intent or memoranda of understanding.
3. For properties under development and land held for future development, GFA denotes the proposed GFA for the planned future development.
4. The above table does not contain all the data and support information adopted and considered in preparing these reference values. For further information, refer to the reports with copies available for inspection at the registered office of the Company.
5. The properties are valued with the benefit of vacant possession or provided tenancy information as appropriate.
6. Value assessed as at 30 June 2010 and not the pre-agreed price for acquisition in the future or at the time of the then acquisitions.
7. Where there are land parcels of a larger development site, each land parcel has been assessed individually, as we understand that they could be carved out and acquired in phases at varying times.

**APPENDIX E**
**SUMMARY OF THE CONSTITUTION OF OUR COMPANY**

## REGISTRATION NUMBER

We were incorporated on August 28, 2007 and our Company's registration number is 200715832Z.

## SUMMARY OF OUR ARTICLES OF ASSOCIATION

The following summarizes certain provisions of our Articles of Association relating to:

(i) power of a Director to vote on a proposal, arrangement or contract in which he is interested;

*Article 102*

*A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.*

(ii) the remuneration of our Directors;

*Article 79*

*The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.*

*Article 80*

*(A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.*

*(B) The remuneration (including any remuneration under Article 80(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.*

*Article 82*

*The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.*

*Article 83*

*A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.*

*Article 88*

*The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.*

*Article 98(D)*

*An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.*

(iii) the borrowing powers exercisable by our Directors;

*Article 109*

*Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.*

Article 109, like any other provision in our Articles of Association, may be amended by a special resolution of our shareholders.

(iv) the retirement or non-retirement of a Director under an age limit requirement;

There are no specific provisions in our Articles of Association relating to the retirement or non-retirement of a Director under an age limit requirement. Section 153(1) of the Singapore Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of our Company or authorized to continue in office as a Director of our Company by way of an ordinary resolution passed at an annual general meeting of our Company.

(v) the shareholding qualification of a Director;

*Article 78*

*A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.*

(vi) the rights, preferences and restrictions attaching to each class of shares;

*Article 51*

*Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of these Articles and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed by such number or percentage of members and subject to such other conditions, as may be prescribed by the Statutes,*

*Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which shares in the Company may be listed.*

*Article 65*

*Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 5, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote (provided that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.*

*Article 123*

*Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*

*(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

*(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

*For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

*Article 147*

*If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members of different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.*

(vii) any change in capital;

*Article 3*

*Subject to the Statutes and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:*

*(a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and*

*(b) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 8(B), shall be subject to the approval of the Company in General Meeting.*

*Article 8*

*(A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to*

*shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).*

*(B) Notwithstanding Article 8(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*

*(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*

*(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

*(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

*provided that:-*

*(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;*

*(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and*

*(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*

*(C) Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

*Article 9*

*The Company may by Ordinary Resolution:*

*(a) consolidate and divide all or any of its shares;*

*(b) sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*

*(c)* *subject to the provisions of the Statutes, convert any class of shares into any other class of shares.*

*Article 10*

*(A)* *The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*

*(B)* *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.*

(viii) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law;

*Article 6*

*Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*

*Article 7*

*The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

The conditions prescribed by Articles 6 and 7 for variation of such rights are not different from those required under the Singapore Companies Act.

(ix) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates;

*Article 121*

*The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.*

*Article 122*

*If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*

*Article 123*

*Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*

*(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

*(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

*For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

*Article 124*

*No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.*

*Article 128*

*The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.*

*Article 131*

*Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.*

*Article 134*

*Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*

## APPENDIX F
## LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS

The list of present and past principal directorships held by our Directors and Executive Officers in the last five years preceding the date of this document is as follows:

| Name | Present | Past |
|---|---|---|
| **Directors** | | |
| Ang Kong Hua | Action Precision Holdings Limited | CIMC Raffles Offshore (Singapore) Limited (formerly known as Yantai Raffles Shipyard Ltd) |
| | Bangkok Synthetics Co., Ltd | k1 Ventures Limited |
| | DBS Bank Ltd. | Neptune Orient Lines Limited |
| | DBS Group Holdings Ltd | ERC Holdings Pte. Ltd. |
| | Foamtec International Co Ltd | Asia Venture Fund Ltd |
| | GIC Special Investments Private Limited | Transpac Ventures I Ltd |
| | Government of Singapore Investment Corporation Private Limited | |
| | Lieng Chung Corporation (Kowloon) Ltd | |
| | NSL Ltd (formerly known as Natsteel Ltd) | |
| | Sembcorp Industries Ltd | |
| Jeffrey H. Schwartz | Las Vegas Sands Corp. | ProLogis |
| | | ProLogis Japan Holdings LLC (Singapore Branch) |
| | Sands China Limited | China Logistics Holding I Srl |
| | China Management Holding Srl | China Logistics Holding II Srl |
| | Global Logistic Properties Holdings Limited | China Logistics Holding III Srl |
| | Logistics Star Management Limited | China Logistics Holding IV Srl |
| | GLP Singapore Pte. Ltd. | China Logistics Holding IX Srl |
| | | China Logistics Holding V Srl |
| | | China Logistics Holding VI Srl |
| | | China Logistics Holding VII Srl |
| | | China Logistics Holding VIII Srl |
| | | China Logistics Holding X Srl |
| | | China Logistics Holding XI Srl |
| | | China Logistics Holding XII Srl |
| | | China Logistics Holding XIII Srl |

| Name | Present | Past |
|---|---|---|
| | | China Logistics Holding XIV Srl |
| | | PLD Baekam Pte. Ltd. |
| | | PLD Deokpyung Pte. Ltd. |
| | | PLD Deokpyung 2 Pte. Ltd. |
| | | PLD Gonjiam Pte. Ltd. |
| | | PLD Yongjin Pte. Ltd. |
| | | PLD Icheon Ptd. Ltd. |
| | | PLD GG3 Pte. Ltd. |
| | | Cosmos Camellia Pte Ltd (formerly known as Rondo Pte Ltd) |
| | | Japan Logistic Properties 2 Pte. Ltd. (formerly known as Prologis Japan Properties Pte Ltd) |
| | | Shanghai Lingang ProLogis International Logistics Development Co., Ltd. |
| | | ProLogis Park Suzhou Development Co., Ltd. |
| Ming Z. Mei | Pacific Alliance China Land Limited | Guangzhou Anhua Logistics Co., Ltd. |
| | Rongxin Power Electric Co., Ltd. | ProLogis (Wuhan) Dongxihu Logistics Park Development Co., Ltd. |
| | Shanghai Haolijia E-Commerce Co., Ltd. | Shanghai ProLogis Chapu Development Co., Ltd. |
| | Walmart Sitic Co., Ltd. | ProLogis Park Puyun Warehousing Services Co., Ltd. |
| | Hasilac Limited | ProLogis Park Guangzhou Bonded Development Co., Ltd. |
| | Beijing Smartdot Tech. Co., Ltd. | ProLogis Beijing Airport Logistics Development Co., Ltd. |
| | Global Logistic Properties Investment Management (China) Co., Ltd. | ProLogis Foshan Logistics Co., Ltd. |
| | Global Logistic Properties Suzhou Share Service Co. Ltd. | ProLogis Park Hangzhou Logistics Development Co., Ltd. |
| | GLP Suzhou Development Co., Ltd. | ProLogis Shanghai Jiading Development Co., Ltd. |
| | GLP Taicang Logistics Co., Ltd. | Beijing Prologis Majuqiao Logistics Development Co., Ltd. |
| | GLP Kunshan Puqiao Logistics Co., Ltd. | ProLogis Park Songjiang Development Co., Ltd. |

| Name | Present | Past |
|---|---|---|
| | | Shanghai Minhang ProLogis Development Co., Ltd. |
| | GLP Tianjin Development Co., Ltd. | ProLogis (Qingdao) Airport International Logistics Development Co., Ltd. |
| | Dalian GLP-Jifa Development Co., Ltd. | ProLogis (Qingdao) Qianwan Harbor International Logistics Development Co., Ltd. |
| | Shen Yang GLP Jifa Logistics Development Co., Ltd. | Prologis (Qingdao) JiaoNan International Logistics Development Co., Ltd. |
| | Beijing City Power Warehousing Co., Ltd. | ProLogis Nanjing Jiangning Development Co., Ltd. |
| | Zhuhai GLP-Gree Logistics Development Co., Ltd. | ProLogis (Guangzhou) Baopu Development Co., Ltd. |
| | Suzhou GLP Wangting Development Co., Ltd. | Prologis Park Jiaxing Development Co., Ltd. |
| | SZITIC Shenzhen Commercial Property Co., Ltd. | ProLogis Park Chongqing Development Co., Ltd. |
| | Shanghai Lingang GLP International Logistics Development Co., Ltd. | ProLogis Park Wuxi Logistics Development Co., Ltd. |
| | Shenzhen GLP–Yantian Port Logistics Co., Ltd. | ProLogis Park Fengmin Development Co., Ltd. |
| | Shanghai Lingang GLP Warehousing & Logistics Development Co., Ltd. | ProLogis (Tianjin) Industry Development Co., Ltd. |
| | Suzhou Industrial Park Genway Factory Property Management Co., Ltd. | ProLogis Park Chenghua Development Co., Ltd. |
| | Suzhou Industrial Park Sucai Property Co., Ltd. | ProLogis Park Fengjia Development Co., Ltd. |
| | | ProLogis Park Fengsong Development Co., Ltd. |
| | | Ningbo Gangrui Warehousing Co., Ltd. |
| | | Ningbo Haichuang Logistics Co., Ltd. |
| | | ProLogis Park Xujing Logistics Co., Ltd. |
| | | Pushun Logistics Park Development Co., Ltd. |
| | | Qingdao Shuangyi Logistics Co., Ltd. |
| | | Tianjin Puqing Logistics Park Co., Ltd. |

| Name | Present | Past |
| --- | --- | --- |
| | | ProLogis (Ningbo Beilun) Warehousing Co., Ltd. |
| | | ProLogis Park Jiashan Pujia Logistics Co., Ltd. |
| | | ProLogis Park Pumin Logistics Co., Ltd. |
| | | ProLogis Park Chengdu Hi-Tech Co., Ltd. |
| | | ProLogis Park Pujiang Logistics Co., Ltd. |
| | | Shanghai Puchuan Logistics Co., Ltd. |
| | | ProLogis Park Wanqing Logistics Co., Ltd. |
| | | Jiangsu Beisheng Technology Co., Ltd. |
| | | ProLogis Park Puting Logistics Co., Ltd. |
| | | ProLogis Park Luoxin Logistics Co., Ltd. |
| | | Beijing Jingcai Warehousing Co., Ltd. |
| | | ProLogis Park Laogang Development Co., Ltd. |
| | | ProLogis Park Guangzhou Warehousing Co., Ltd. |
| | | ProLogis Park Pujin Development Co., Ltd. |
| | | Zhongbao Logistics Co., Ltd. |
| | | Kunshan PLD Dianshanhu Logistics Park Co., Limited |
| | | HIGH-TECH BASE (SHANGHAI) MACHINERY Co., Ltd. |
| | | Tianjin Zhiji Development Co., Ltd. |
| | | ProLogis Park Changsha Development Co., Ltd. |
| | | GLP Wuxi Pushan Logistics Co., Ltd. |
| Dr. Seek Ngee Huat | Europe Realty Holdings Pte Ltd | Canadian Realty Holdings Pte Ltd |
| | Government of Singapore Investment Corporation Private Limited | GIC (E) Pte Ltd |
| | GIC Real Estate Private Limited | Ipoh Pty Limited |

| Name | Present | Past |
|---|---|---|
| | Government of Singapore Investment Corporation (Realty) Private Limited | JDI Management Pte Ltd |
| | Recosia Pte Ltd | Land & Houses Pcl |
| | | Recosia China Pte Ltd |
| | | Recosia Hong Kong Pte Ltd |
| Lim Swe Guan (*alternate director to Dr. Seek Ngee Huat*) | Asia Asset Advisory Company Limited | 1250 Rene Inc. |
| | GPT Management Holdings Limited | Alderney Investments Pte Ltd |
| | GPT RE Limited | Atlantica Residential Pte Ltd |
| | Jacksons Landing Development Pty Ltd | Ausmezz Pty Limited |
| | Jacksons Landing Estate Management Pty Ltd | BIP Private Limited |
| | Johdaya Karya Sdn. Bhd. | BIP REIT Private Limited |
| | L&H Property Company Limited | BLK Hotel Mezz Private Limited |
| | L&H SATHON CO. LTD. | BREF Mez Private Limited |
| | Land & Houses Pcl | BSREP UK Pte Ltd |
| | Sunway City Berhad | BT Mez Pte Ltd |
| | PT Metropolitan Land | C Hotel Mezz Private Limited |
| | Thakral Holdings Group | CASH Mezz Private Limited |
| | Reco 175LS Aust Pte Ltd | CIG Americas Private Limited |
| | Reco Berry Private Limited | CRP US Fund Private Limited |
| | Reco City Square JB Private Limited | DB2 Mez Pte Ltd |
| | Reco Fort Private Limited | EIG Holdings, Pte Ltd |
| | Reco Gateway Private Limited | First Avenue Square Pte Ltd |
| | Reco Ghatkopar Private Limited | Freaya SF JV Pte Ltd |
| | Reco Grandhomes Pte Ltd | Gill Holdings (II) Private Limited |
| | Reco Gurgaon Private Limited | GIC Real Estate International Pte. Ltd. |
| | Reco Herrera Pte Ltd | GILL Holdings Private Limited |
| | Reco HomeBuilder Pte Ltd | HCore Office REIT Private Limited |
| | Reco Invest Private Limited | HREZ Pte Ltd |
| | Reco Joy Private Limited | Hstead Mezz Private Limited |
| | Reco Lumpini Private Limited | Industrial (Mexico) JV Private Limited |
| | Reco Maratha Private Limited | Industrial JV Pte Ltd |

| Name | Present | Past |
|---|---|---|
| | Reco Metrosite Pte Ltd | Ingshop Private Limited |
| | Reco Newtown Pte Ltd | Ipoh Pty Limited |
| | Reco Pagoda Pte Ltd | Japan Logistic Properties 1 Private Limited |
| | Reco Peak Pte Ltd | LF Funds Pte Ltd |
| | Reco Plaza Pte Ltd | Lowe Hospitality Debt Private Limited |
| | | Mexico Residential PGMR S. de R.L. de C.V. |
| | Reco Poona Private Limited | MRP Private Limited |
| | Reco Premier Pte Ltd | MS Mez Debt Private Limited |
| | Reco Pyramid Pte Ltd | MS Special Funds Pte Ltd |
| | Reco Qila Private Limited | NA RE (VI) Private Limited |
| | Reco Real Private Limited | NRE Office Fund Private Limited |
| | Reco Resort Hotel Private Limited | PCS Debt Pte Ltd |
| | Reco Resorts Pte Ltd | PE SC Fund Private Limited |
| | Reco Rizal Pine Pte Ltd | PGMR Residential (Mexico) Fund Private Limited |
| | Reco Shahzan Pte Ltd | PMD Mez Debt Private Limited |
| | Reco Summit Pte Ltd | Prime OE Fund Private Limited |
| | Reco Sungei Long Private Limited | Reco A Mall Private Limited |
| | Reco Thai Park Pte Ltd | Reco AAS Private Limited |
| | Reco Vaastu Private Limited | Reco Ace Private Limited |
| | Recosia Asset Advisory Pte Ltd | Reco Altus Pte Ltd |
| | Seaprime Investments Pte Ltd | Reco Apple Private Limited |
| | Skyvest Pte Ltd | Reco Astro Pte Ltd |
| | Sudirman Prime Investments Pte Ltd | Reco Bathurst Pty Limited |
| | Maxwell Holdings Co., Ltd | Reco Bay Pte Ltd |
| | Viewline Pte Ltd | Reco Benefit Private Limited |
| | | Binjai Holdings Pte. Ltd. |
| | | Reco Blue Private Limited |
| | | Reco Bourke Private Limited |
| | | Reco Capital Pte Ltd |
| | | Reco City Pte Ltd |
| | | Reco City Square JB Sdn. Bhd |
| | | Reco Creek Private Limited |
| | | Reco Crystal Private Limited |

| Name | Present | Past |
|---|---|---|
| | | Reco FHT Private Limited |
| | | Reco Fitzroy Private Limited |
| | | Reco Galaxy Private Limited |
| | | Reco Harbour Grand Private Limited |
| | | Reco Heir Private Limited |
| | | Reco HomeBuilder (M) Sdn Bhd |
| | | Reco Horizon Private Limited |
| | | Reco Hotels Asset Management Private Limited |
| | | Reco Hotels JV Private Limited |
| | | Reco Indfund Private Limited |
| | | Reco Invest Private Limited |
| | | Reco Industrial Private Limited |
| | | Reco Island Private Limited |
| | | Kemensah Holdings Pte. Ltd. |
| | | Reco Legend Private Limited |
| | | Reco Logis Private Limited |
| | | Reco Loop Pte Ltd |
| | | Reco Mall Private Limited |
| | | Reco Manage Private Limited |
| | | Reco Martin Private Limited |
| | | Reco MCI Private Limited |
| | | Reco Meteor Private Limited |
| | | Reco Mita Private Limited |
| | | Reco Oak Pte Ltd |
| | | Reco Ocean Private Limited |
| | | Reco Park Pte Ltd |
| | | Reco Platinum Pte Ltd |
| | | Reco Promote Private Limited |
| | | Reco Properties Pte Ltd |
| | | Reco Pyrmont Aust Pte Ltd |
| | | Reco Roppongi Residence Private Limited |
| | | Reco Sapphire Private Limited |
| | | Reco SCC Private Limited |
| | | Reco Seaside Private Limited |
| | | Reco Sendai Tomiya Private Limited |

| Name | Present | Past |
| --- | --- | --- |
| | | Reco SG Advisory Private Limited |
| | | Reco SG Retail Private Limited |
| | | Reco Sky Private Limited |
| | | Reco SST Private Limited |
| | | Reco Star Pte Ltd |
| | | Reco Sungei Long (M) Sdn. Bhd. |
| | | Reco Sunshine Private Limited |
| | | Reco Tower Pte Ltd |
| | | Reco Tropical Pte Ltd |
| | | Reco Trust Private Limited |
| | | Reco Venture Private Limited |
| | | Reco Westpar Private Limited |
| | | Reco Whitford Private Limited |
| | | Rene Building Inc. (CAD) |
| | | RMESA Mezz Private Limited |
| | | SCPG Holdings Pte Ltd |
| | | SDL/SW Co-Invest Private Limited |
| | | SGP/SW E/A Hotel Fund Private Limited |
| | | SHC-DB Debt Private Limited |
| | | Sicard Pty Ltd |
| | | Singapore Real Estate Debt Investments Private Limited |
| | | South Hooke Pty Ltd |
| | | Stone Holdings Pte Ltd |
| | | Tech DSF Pte Ltd |
| | | Teddy Mezz Private Limited |
| | | TGMA Multifamily Fund Private Limited |
| | | THI Investments Pte Ltd |
| | | THI IV Private Limited |
| | | TRI II Private Limited |
| | | US Fund Investments Pte. Ltd. |
| | | US Investment Holding Private Limited |
| | | Vestec Pte Ltd |
| | | AceStar Properties Private Limited |

| Name | Present | Past |
|---|---|---|
| | | Fabulous Range Sdn. Bhd. |
| | | Filinvest Land Inc |
| | | Helios Estate Private Limited |
| | | Kumar Properties and Real Estate Private Limited |
| | | Pegasus Properties Pte. Ltd. |
| | | RB Land Sdn Bhd |
| | | Uptown Viewpoint Sdn Bhd |
| | | Venus Capital Corporation Sdn. Bhd. |
| Wei Benhua | Beijing Huali Department Store Company Limited | |

| Name | Present | Past |
|---|---|---|
| Yoichiro Furuse | Nitto Denko Corporation | SANYO Electric Co., Ltd |
| | Evanston | |
| Steven Lim Kok Hoong | Olura Services Sarl | Oakville Ventures Co., Ltd |
| | Lami Ltd | Radica Reviva Associates (S) Pte. Ltd. |
| | Genting Integrated Resorts Operations Management Pte. Ltd. | SembCorp Logistics Ltd |
| | Thala SA | GES International Limited |
| | Parkway Trust Management Limited | Toll (SCL) Ltd. |
| | Singapore Tourism Board | Behringer Corporation Limited |
| | Genting Singapore PLC | Stonegate China Properties Ltd. |
| | Hoe Leong Corporation Ltd. | Transcu Group Limited |
| | B2C Network Pte Ltd | |
| | AA-FAS Pte. Ltd. | |
| Dr. Dipak Jain | Deere & Company | Hart Schaffner & Marx |
| | The Northern Trust Company | Peoples Energy Corporation |
| | Reliance Industries Limited | United Air Lines, Inc |
| | MediaBank LLC | Evanston Northwestern Healthcare |
| | Fabretto Foundation | |
| | Operation Asha | |
| | One-Acre Fund | |
| Paul Cheng Ming Fun | Esprit Holdings Ltd. | Sino Hotels (Holdings) Ltd |
| | Vietnam Infrastructure Ltd. | Sino Land Co., Ltd. |
| | Pacific Alliance China Land Limited | Tsim Sha Tsui Properties Ltd. |
| | Pou Sheng International (Holdings) Limited | Hutchison Habour Ring Ltd. (formerly ICG Asia Ltd.) |
| | | The Wharf (Holdings) Ltd. |
| | | Kingboard Chemical Holdings Ltd. |
| | | New World Mobile Holdings Ltd. |
| | | Hutchison Global Communications Holdings Ltd |
| | | The Link Management Ltd. (The Link Reit) |
| Tham Kui Seng | CapitaLand China Holdings Pte Ltd | CapitaLand (China) Investment Co., Ltd |
| | E M Services Private Limited | Shanghai Xin Qing Property Development Co., Ltd. |

| Name | Present | Past |
|---|---|---|
| | Raffles Medical Group Ltd | Raffles Holdings Limited |
| | The Straits Trading Company Limited | Australand Holdings Limited |
| | SPI (Australia) Assets Pty Ltd | Australand Property Limited |
| | The Housing & Development Board (HDB) | Australand Investments Limited |
| | | Shanghai Xin Li Property Development Co., Ltd |
| | | The Ascott Limited |
| | | CapitaLand Residential Limited |
| | | Ascott Serviced Residence (China) Fund |
| | | CapitaLand Residential Singapore Pte Ltd |
| | | CapitaLand Industrial & Logistics Holdings Limited |
| | | CapitaLand Financial Limited |
| | | Alexandra Health Pte. Ltd. (formerly known as KTPH Pte Ltd) |
| **Executive officers** | | |
| Masato Miki | Global Logistic Properties, Inc. | ProLogis K.K. |
| | GLP Misato Y.K. | GLP Urayasu Two Y.K. |
| | GLP Sendai Y.K. | ProLogis Joso Y.K. |
| | GLP Hachioji Y.K. | ProLogis Hashiramoto Y.K. |
| | GLP Kazo Y.K. | ProLogis Maishima Four Y.K. |
| | GLP Osaka Y.K. | ProLogis Zama Two Y.K. |
| | GLP Tomiya Y.K. | ProLogis Osaka Three Y.K. |
| | GLP Komaki Y.K. | ProLogis Iwanuma Y.K. |
| | GLP Amagasaki Y.K. | ProLogis Koriyama Y.K. |
| | GLP Narita Two Y.K. | ProLogis Tosu Y.K. |
| | GLP Shinkiba Y.K. | ProLogis Moji Y.K. |
| | GLP Shinsuna Y.K. | ProLogis Tosu Four Y.K. |
| | GLP Hayashima Two Y.K. | ProLogis Zama One Y.K. |
| | GLP Sugito Two Y.K. | ProLogis Kawajima Y.K. |
| | GLP Sugito Y.K. | ProLogis Tomiya Two Y.K. |
| | GLP Tokyo Two Y.K. | ProLogis Hisayama Y.K. |
| | GLP Tokyo Y.K. | ProLogis Ichikawa Y.K. |
| | GLP Tokai Y.K. | ProLogis Maishima Three Y.K. |
| | GLP Yokohama Y.K. | ProLogis Osaka Two Y.K. |
| | GLP Urayasu Three Y.K. | ProLogis Ichikawa Two Y.K. |

| Name | Present | Past |
| --- | --- | --- |
| | GLP Urayasu Y.K. | ProLogis Park Ebina GK |
| | GLP Fukusaki Y.K. | ProLogis Park Takatsuki Two GK |
| | GLP Narashino Two Y.K. | ProLogis Park Narita Three GK |
| | GLP Narashino Y.K. | ProLogis Park Narashino Three GK |
| | GLP Maishima One Y.K. | ProLogis Park Osaka Three GK |
| | GLP Maishima Two Y.K. | ProLogis Park Iwanuma One GK |
| | GLP Funabashi Two Y.K. | ProLogis Park Kita Nagoya GK |
| | GLP Funabashi Y.K. | ProLogis Park Hisayama GK |
| | GLP Koshigaya Two Y.K. | ProLogis Park Tomiya Two GK |
| | GLP Tatsumi Y.K. | ProLogis Park Zama One GK |
| | GLP Misato Two GK | ProLogis Zama Two GK |
| | GLP Kiyama GK | ProLogis Ebina Y.K. |
| | GLP Koriyama One GK | PLD Development GK |
| | GLP Tosu One GK | ProLogis Japan Finance Incorporated |
| | GLP Tomisato Y.K. | ProLogis Tokyo Finance LLC |
| | GLP Narita Y.K. | ProLogis REIT Advisers K.K. |
| | | ProLogis Tokyo Finance Investment Limited Partnership |
| | | ProLogis Misato Special Purpose Company |
| | | ProLogis Ichikawa Y.K. |
| | | ProLogis Narashino Four Y.K. |
| | | ProLogis Kita Nagoya Y.K. |
| | | ProLogis Ichikawa Two Y.K. |
| | | ProLogis GK Holdings Y.K. |
| | | ProLogis Kanto Y.K. |
| | | ProLogis Kanto Two Y.K. |
| | | ProLogis Kawagoe GK |
| | | ProLogis Kiyama GK |
| Yoshiyuki Chosa | - | Kasukabe Logistic Special Purpose Company |
| | | Hayashima Logistic Special Purpose Company |
| | | ProLogis Toda Special Purpose Company |
| | | Funabashi Two Logistic Special Purpose Company |

| Name | Present | Past |
|---|---|---|
| | | Hirakata Logistic Special Purpose Company |
| | | Hirakata Two Logistic Special Purpose Company |
| | | Okegawa Logistic Special Purpose Company |
| | | Amagasaki Two Logistic Special Purpose Company |
| | | Seishin Logistic Special Purpose Company |
| | | ProLogis REIT Advisors K.K. |
| Fang Xie, Heather | Global Logistic Properties Investment Management (China) Co., Ltd. | Momentive Performance Materials (Shanghai) Co., Ltd. |
| | Global Logistic Properties Suzhou Share Service Co. Ltd. | Momentive Performance Materials Hong Kong Limited |
| | | Tianjin Zhiji Development Co., Ltd. |
| Kent Yang | Global Logistic Properties Investment Management (China) Co., Ltd. | ProLogis (Wuhan) Dongxihu Logistics Park Development Co., Ltd. |
| | Global Logistic Properties Suzhou Share Service Co. Ltd. | Shanghai ProLogis Chapu Development Co., Ltd. |
| | GLP Kunshan Puqiao Logistics Co., Ltd. | ProLogis Park Puyun Warehousing Services Co., Ltd. |
| | | ProLogis Park Guangzhou Bonded Development Co., Ltd. |
| | GLP Tianjin Development Co., Ltd. | ProLogis Beijing Airport Logistics Development Co., Ltd. |
| | Dalian GLP-Jifa Development Co., Ltd. | ProLogis Foshan Logistics Co., Ltd. |
| | Shen Yang GLP Jifa Logistics Development Co., Ltd. | ProLogis Park Hangzhou Logistics Development Co., Ltd. |
| | SZITIC Shenzhen Commercial Property Co., Ltd. | ProLogis Shanghai Jiading Development Co., Ltd. |
| | Beijing City Power Warehousing Co., Ltd. | Beijing Prologis Majuqiao Logistics Development Co., Ltd. |
| | Zhuhai GLP-Gree Logistics Development Co., Ltd. | ProLogis Park Songjiang Development Co., Ltd. |
| | Shanghai Lingang GLP International Logistics Development Co., Ltd. | Shanghai Minhang ProLogis Development Co., Ltd. |
| | Shenzhen GLP – Yantian Port Logistics Co., Ltd. | ProLogis (Qingdao) Qianwan Harbor International Logistics Development Co., Ltd. |

| Name | Present | Past |
|---|---|---|
| | Shanghai Lingang GLP Warehousing & Logistics Development Co., Ltd. | Prologis (Qingdao) JiaoNan International Logistics Development Co., Ltd. |
| | | ProLogis Nanjing Jiangning Development Co., Ltd. |
| | | ProLogis (Guangzhou) Baopu Development Co., Ltd. |
| | | ProLogis Park Chongqing Development Co., Ltd. |
| | | ProLogis Park Wuxi Logistics Development Co., Ltd. |
| | | ProLogis Park Fengmin Development Co., Ltd. |
| | | ProLogis (Tianjin) Industry Development Co., Ltd. |
| | | ProLogis Park Chenghua Development Co., Ltd. |
| | | ProLogis Park Fengjia Development Co., Ltd. |
| | | ProLogis Park Fengsong Development Co., Ltd. |
| | | Ningbo Gangrui Warehousing Co., Ltd. |
| | | Ningbo Haichuang Logistics Co., Ltd. |
| | | ProLogis Park Xujing Logistics Co., Ltd. |
| | | Pushun Logistics Park Development Co., Ltd. |
| | | Qingdao Shuangyi Logistics Co., Ltd. |
| | | ProLogis (Ningbo Beilun) Warehousing Co., Ltd. |
| | | ProLogis Park Jiashan Pujia Logistics Co., Ltd. |
| | | ProLogis Park Pumin Logistics Co., Ltd. |
| | | ProLogis Park Chengdu Hi-Tech Co., Ltd. |
| | | ProLogis Park Pujiang Logistics Co., Ltd. |
| | | Shanghai Puchuan Logistics Co., Ltd. |
| | | ProLogis Park Wanqing Logistics Co., Ltd. |

| Name | Present | Past |
| --- | --- | --- |
| | | Jiangsu Beisheng Technology Co., Ltd. |
| | | ProLogis Park Puting Logistics Co., Ltd. |
| | | ProLogis Park Luoxin Logistics Co., Ltd. |
| | | Beijing Jingcai Warehousing Co., Ltd. |
| | | ProLogis Park Laogang Development Co., Ltd. |
| | | ProLogis Park Guangzhou Warehousing Co., Ltd. |
| | | ProLogis Park Pujin Development Co., Ltd. |
| | | Zhongbao Logistics Co., Ltd. |
| | | Kunshan PLD Dianshanhu Logistics Park Co., Limited |
| | | HIGH-TECH BASE (SHANGHAI) MACHINERY Co., Ltd. |
| | | Tianjin Zhiji Development Co., Ltd. |
| | | ProLogis Park Changsha Development Co., Ltd. |
| | | GLP Wuxi Pushan Logistics Co., Ltd. |

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## APPENDIX G
## SUMMARY OF THE GLP PERFORMANCE SHARE PLAN AND THE GLP RESTRICTED SHARE PLAN

### GLP Performance Share Plan

The following is a summary of the principal rules of the GLP Performance Share Plan.

***Eligibility***

Under the rules of the GLP Performance Share Plan, any employee of the Group ("Group Employee"), including any director of our Company and/or any of its subsidiaries who performs an executive function ("Group Executive Director") is eligible to participate in the GLP Performance Share Plan at the absolute discretion of the Compensation Committee, and such person must:

(a) have attained the age of twenty-one (21) years; and

(b) hold such rank as may be designated by the Compensation Committee from time to time.

Controlling shareholders and their associates will not be eligible to participate in the GLP Performance Share Plan.

***Awards***

Awards under the GLP Performance Share Plan represent the right of a participant to receive fully paid Shares free of charge, upon the participant achieving the prescribed performance condition(s) ("Performance Condition") within the time period prescribed by the Compensation Committee ("Performance Period"). Awards are released once the Compensation Committee is satisfied that the Performance Condition(s) specified on the date on which the award is to be granted ("Award Date") in relation to the Award have been achieved. The selection of a participant and the number of Shares which are the subject of each award to be granted to a participant in accordance with the GLP Performance Share Plan shall be determined at the absolute discretion of the Compensation Committee, which shall take into account criteria it thinks fit such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and difficulty with which the Performance Conditions(s) may be achieved within the Performance Period prescribed by the Compensation Committee.

The Compensation Committee shall decide, in relation to each Award:

(i) the participant;

(ii) the Award Date;

(iii) the number of Shares which are the subject of that Award;

(iv) the Performance Condition(s);

(v) the Performance Period;

(vi) the extent to which Shares which are the subject of that Award shall be released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not satisfied, as the case may be, at the end of the Performance Period;

(vii) the vesting date; and

(viii) any other condition which the Compensation Committee may determine in relation to the Award.

An award letter confirming the Award and specifying, among others, in relation to the Award, the Award Date, the number of Shares which are the subject of the Award, the Performance

Condition(s), the Performance Period, and the vesting date will be sent to each participant as soon as reasonably practicable after the making of an Award.

Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:

In the case of an Award not yet released, it shall immediately lapse without any claim whatsoever against the Company:

(a) in the event an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;

(b) in the event of misconduct on the part of the participant as determined by the Compensation Committee in its discretion; or

(c) upon the participant ceasing to be in the employment of the Group for any reason whatsoever.

In any of the following events, namely:

(d) where a participant ceases to be in the employment of our Group by reason of:

  (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Compensation Committee);

  (ii) redundancy;

  (iii) retirement at or after the legal retirement age;

  (iv) retirement before the legal retirement age with the consent of the Compensation Committee;

  (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;

  (vi) his transfer to any Ministry, governmental or statutory body or corporation at the direction of the Company; or

  (vii) any other event approved by the Compensation Committee;

(e) the death of a participant;

(f) the bankruptcy of a participant or the happening of any other event which results in his being deprived of the legal and beneficial ownership of an Award; or

(g) any other event approved by the Compensation Committee.

***Size and duration of the GLP Performance Share Plan***

The total number of Shares which may be issued pursuant to Awards granted under the GLP Performance Share Plan, when added to the total number of Shares issued and issuable, and Shares delivered and/or to be delivered, in respect of all awards granted under our Company's share plans shall not exceed 15.0% of the issued share capital of our Company (excluding treasury shares) on the day preceding the date of the relevant Award. The aggregate number of Shares which may be issued pursuant to the grant of Awards under the GLP Performance Share Plan that may be designated by the Compensation Committee for the purposes of the GLP Performance Share Plan shall be subject to the requirements of the Listing Manual.

The GLP Performance Share Plan shall continue in force for a maximum period of 10 years commencing on the date the GLP Performance Share Plan is adopted by the Company in general meeting, provided always that the GLP Performance Share Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The GLP Performance Share Plan may be terminated at any time by the Compensation Committee or, at the discretion of the Compensation Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the GLP Performance Share Plan is so terminated, no further Awards shall be granted by the Compensation Committee.

The expiry or termination of the GLP Performance Share Plan, shall not affect the Awards which have been granted prior to such expiry or termination, whether such Awards have been released (fully or partially).

***Operation of the GLP Performance Share Plan***

The Shares to be issued to participants upon vesting of their awards will be fully paid upon their issuance and allotment. Such Shares allotted and issued on the release of an award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Compensation Committee shall, as soon as reasonably practicable after the end of the relevant Performance Period, review the Performance Condition(s) specified in respect of such Award and determine at its discretion whether a performance condition has been satisfied (whether fully or partially); whether any other condition applicable to such Award has been satisfied; and the number of Shares (if any) comprised in such Award to be released to the relevant participant. In making any such determination, the Compensation Committee shall have the right to make reference to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Compensation Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further, the right to amend any Performance Condition if the Compensation Committee decides that a changed performance target would be a fairer measure of performance. If the Compensation Committee determines, in its sole discretion, that the Performance Condition and/or any other condition applicable to that Award has not been satisfied (whether fully or partially) or if the relevant participant has not continued to be a Group Employee from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value.

The Compensation Committee shall, provided that the relevant participant has continued to be a Group Employee from the Award Date up to the end of the Performance Period, release to that participant the number of Shares determined by the Compensation Committee on the vesting date. Such part of an Award not released shall lapse and be of no value.

***Adjustment events***

If a variation in the ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, or if our Company shall make a capital distribution or declaration of a special dividend (whether in cash or in specie), then the Compensation Committee may, in its sole discretion, determine whether:

(a) the class and/or number of Shares which are the subject of an award to the extent not yet vested; and/or

(b) the class and/or number of Shares in respect of which future awards may be granted under the GLP Performance Share Plan,

shall be adjusted and, if so, the manner in which such adjustment shall be made.

Unless the Compensation Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by us by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

***Modifications or alterations to the GLP Performance Share Plan***

The GLP Performance Share Plan may be modified and/or altered from time to time by a resolution of the Compensation Committee, except that:

(a) no modification or alteration shall adversely affect the rights attached to any Awards granted prior to such modification or alteration except with the written consent of such number of participants under the GLP Performance Share Plan who, if their Awards were released to them upon the Performance Condition(s) relating to their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding awards under the GLP Performance Share Plan upon the Performance Condition(s) for all outstanding Awards being satisfied in full;

(b) no alteration shall be made to particular definitions and rules of the GLP Performance Share Plan to the advantage of the participants except with the prior approval of Shareholders in general meeting; and

(c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

Additionally, the Compensation Committee may at any time by a resolution (and without any other formality, save for the prior approval of the SGX-ST) amend or alter the GLP Performance Share Plan in any way to the extent necessary or desirable, in the opinion of the Compensation Committee, to cause the GLP Performance Share Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

**GLP Restricted Share Plan**

The following is a summary of the principal rules of the GLP Restricted Share Plan.

***Eligibility***

Under the rules of the GLP Restricted Share Plan, the following are eligible to participate in the GLP Restricted Share Plan at the absolute discretion of the Compensation Committee:

(a) Any employee of the Group (including any Group Executive Director) ("Group Employees") who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Compensation Committee from time to time; and

(b) Any director of the Company and/or its subsidiaries, other than a director of the Company and/or its subsidiaries who performs an executive function ("Non-Executive Directors").

Controlling shareholders and their associates will not be eligible to participate in the GLP Restricted Share Plan.

*Awards*

Awards under the GLP Restricted Share Plan represent the right of a participant to receive fully paid Shares free of charge. The selection of a participant and the number of Shares which are the subject of each award to be granted to a participant in accordance with the GLP Restricted Share Plan shall be determined at the absolute discretion of the Compensation Committee, which shall take into account criteria such as, in the case of a Group Employee, his rank, job performance, years of service and potential for future development, and in the case of a Non-Executive Director, his contribution to the success and development of the Group.

The Compensation Committee shall decide, in relation to each Award:

(i) the participant;

(ii) the Award Date;

(iii) the number of Shares which are the subject of the Award;

(iv) the vesting period(s);

(v) the vesting date(s);

(vi) the schedule in accordance with which Shares which are the subject of the Award shall be released ("Release Schedule");

(vii) the period commencing on the vesting date in relation to that Award ("Retention Period"), if any; and

(viii) any other condition which the Compensation Committee may determine in relation to that Award.

An award letter confirming the Award and specifying, among others, in relation to the Award, the Award Date, the number of Shares which are the subject of the Award, the vesting period, vesting date, the Release Schedule and the Retention Period, if any, will be sent to each participant as soon as reasonably practicable after the making of an Award.

Special provisions for the vesting and lapsing of awards apply in certain circumstances, including the following:

In the case of an Award not yet released, it shall immediately lapse without any claim whatsoever against the Company:

(a) in the event an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;

(b) in the event of misconduct on the part of the participant as determined by the Compensation Committee in its discretion; or

(c) where the participant is a Group Employee, upon the participant ceasing to be in the employment of the Group for any reason whatsoever.

In any of the following events, namely:

(d) where a participant, being a Group Employee, ceases to be in the employment of our Group by reason of:

  (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Compensation Committee);

  (ii) redundancy;

(iii) retirement at or after the legal retirement age;

(iv) retirement before the legal retirement age with the consent of the Compensation Committee;

(v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;

(vi) his transfer to any Ministry, governmental or statutory body or corporation at the direction of the Company; or

(vii) any other event approved by the Compensation Committee;

(e) the bankruptcy of a participant or the happening of any other event which results in his being deprived of the legal and beneficial ownership of an Award;

(f) the death of a participant;

(g) where a participant, being a Non-Executive Director, ceases to be a director of the Company or, as the case may be, the relevant subsidiary of the Company, for any reason whatsoever; or

(h) any other event approved by the Compensation Committee.

***Size and duration of the GLP Restricted Share Plan***

The total number of Shares which may be issued pursuant to Awards granted under the GLP Restricted Share Plan, when added to the total number of Shares issued and issuable, and Shares delivered and/or to be delivered, in respect of all awards granted under our Company's share plans shall not exceed 15.0% of the issued share capital of our Company (excluding treasury shares) on the day preceding the date of the relevant Award. The aggregate number of Shares which may be issued pursuant to the grant of Awards under the GLP Restricted Share Plan that may be designated by the Compensation Committee for the purposes of the GLP Restricted Share Plan shall be subject to the requirements of the Listing Manual.

The GLP Restricted Share Plan shall continue in force for a maximum period of 10 years commencing on the date the GLP Restricted Share Plan is adopted by the Company in general meeting, provided always that the GLP Restricted Share Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The GLP Restricted Share Plan may be terminated at any time by the Compensation Committee or, at the discretion of the Compensation Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the GLP Restricted Share Plan is so terminated, no further Awards shall be granted by the Compensation Committee.

The expiry or termination of the GLP Restricted Share Plan, shall not affect the Awards which have been granted prior to such expiry or termination, whether such Awards have been released (fully or partially).

***Operation of the GLP Restricted Share Plan***

The Shares to be issued to participants upon vesting of their awards will be fully paid upon their issuance and allotment. Such Shares allotted and issued on the release of an award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank pari passu with other existing Shares then in issue.

The Compensation Committee shall, provided that the relevant participant has continued to be a Group Employee or a Non-Executive Director, as the case may be, from the Award Date up to the end of each vesting period and, in the opinion of the Compensation Committee where applicable, the job performance of the relevant participant has been satisfactory, release to the relevant participant the relevant number of Shares in accordance with the Release Schedule specified in respect of that Award on the relevant vesting date(s).

If a Retention Period is specified in an Award, Shares which are allotted or transferred on the release of an Award to a participant shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during such Retention Period, except to the extent set out in the award letter or with the prior approval of the Compensation Committee. The Company shall be at liberty to take any steps which it considers necessary or appropriate to enforce or give effect to the restriction on the transfer, charge, assignment, pledge or disposal of Shares during the Retention Period otherwise than in accordance with the award letter or as approved by the Compensation Committee.

***Adjustment events***

If a variation in the ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, or if our Company shall make a capital distribution or declaration of a special dividend (whether in cash or in specie), then the Compensation Committee may, in its sole discretion, determine whether:

(a) the class and/or number of Shares which are the subject of an award to the extent not yet vested; and/or

(b) the class and/or number of Shares in respect of which future awards may be granted under the GLP Restricted Share Plan,

shall be adjusted and, if so, the manner in which such adjustment shall be made.

Unless the Compensation Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by us by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

***Modifications or alterations to the GLP Restricted Share Plan***

The GLP Restricted Share Plan may be modified and/or altered from time to time by a resolution of the Compensation Committee, except that:

(a) no modification or alteration shall adversely affect the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of participants who have been granted Awards and who, if such Awards were released to them on the applicable vesting dates relating to such Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all such outstanding Awards on the relevant vesting dates applicable to all such outstanding Awards;

(b) no alteration shall be made to particular definitions and rules of the GLP Restricted Share Plan to the advantage of the participants except with the prior approval of Shareholders in general meeting; and

(c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

Additionally, the Compensation Committee may at any time by a resolution (and without any other formality, save for the prior approval of the SGX-ST) amend or alter the GLP Restricted Share Plan in any way to the extent necessary or desirable, in the opinion of the Compensation Committee, to cause the GLP Restricted Share Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

**APPENDIX H**
**INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS**

The Board of Directors
Global Logistic Properties Limited
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Dear Sirs,

**Letter from the Independent Auditors on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Global Logistic Properties Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the combined balance sheets of the Group as at March 31, 2008, 2009 and 2010, the combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended March 31, 2008, 2009 and 2010, and a summary of significant accounting policies and other explanatory notes, as set out in Appendix I.

*Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards to present fairly, in all material aspects, the state of affairs of the Group as at March 31, 2008, 2009 and 2010 and the results, changes in equity and cash flows of the Group for the financial years ended March 31, 2008, 2009 and 2010.

This report has been prepared for inclusion in the Prospectus of the Company in connection with the initial public offering of the shares of the Company. No audited financial statements of the Company or its subsidiaries have been prepared for any period subsequent to March 31, 2010.

**KPMG LLP**
*Public Accountants and*
*Certified Public Accountants*
Singapore

Eng Chin Chin
Partner-in-charge

September 27, 2010, except for Note 29 Subsequent events, as to which the date is October 11, 2010

# APPENDIX I

## COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2008, 2009 AND 2010

## Combined Balance Sheets
## As at March 31, 2008, 2009 and 2010

| | Note | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investment properties | 4 | - | 6,374,448 | 6,528,973 |
| Jointly-controlled entities | 5 | 1,568,318 | 378,826 | 315,469 |
| Deferred tax assets | 6 | - | 10,948 | 20,232 |
| Plant and equipment | 7 | - | 104 | 75 |
| Other non-current assets | 8 | - | 16,478 | 17,351 |
| | | 1,568,318 | 6,780,804 | 6,882,100 |
| **Current assets** | | | | |
| Trade and other receivables | 9 | 77 | 107,337 | 103,227 |
| Financial derivative assets | 10 | - | 480 | 33 |
| Cash and cash equivalents | 11 | - | 311,397 | 412,021 |
| | | 77 | 419,214 | 515,281 |
| **Total assets** | | 1,568,395 | 7,200,018 | 7,397,381 |
| **Equity attributable to equity holder of the Company** | | | | |
| Share capital | 12 | * | * | * |
| Reserves | 13 | 1,346,958 | 1,746,484 | 1,566,222 |
| | | 1,346,958 | 1,746,484 | 1,566,222 |
| **Minority interests** | 14 | - | 745,952 | 776,197 |
| **Total equity** | | 1,346,958 | 2,492,436 | 2,342,419 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 15 | - | 2,667,069 | 2,664,831 |
| Deferred tax liabilities | 6 | - | 107,658 | 135,192 |
| Other non-current liabilities | 16 | - | 149,715 | 124,707 |
| | | - | 2,924,442 | 2,924,730 |
| **Current liabilities** | | | | |
| Loans and borrowings | 15 | - | 464,640 | 715,749 |
| Trade and other payables | 17 | 221,437 | 1,288,894 | 1,380,206 |
| Financial derivative liabilities | 10 | - | 28,280 | 32,729 |
| Current tax payable | | - | 1,326 | 1,548 |
| | | 221,437 | 1,783,140 | 2,130,232 |
| **Total liabilities** | | 221,437 | 4,707,582 | 5,054,962 |
| **Total equity and liabilities** | | 1,568,395 | 7,200,018 | 7,397,381 |

* Less than US$1,000

The accompanying notes form an integral part of these combined financial statements.

## Combined Income Statements
## Years Ended March 31, 2008, 2009 and 2010

| | Note | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|---|
| Revenue | 18 | - | 51,278 | 407,968 |
| Management fees | | - | (4,012) | (35,101) |
| Property-related expenses | | - | (7,241) | (53,683) |
| Other expenses | | (932) | (3,527) | (22,057) |
| | | (932) | 36,498 | 297,127 |
| Share of results (net of income tax) of jointly-controlled entities | | 16,574 | (280,280) | 31,984 |
| **Profit/(Loss) from operating activities after share of results of jointly-controlled entities** | | 15,642 | (243,782) | 329,111 |
| Net finance costs | 19 | - | (9,633) | (60,468) |
| Non-operating (expenses)/income | 20 | (273) | 290,207 | (27,680) |
| **Profit before changes in fair value of investment properties** | | 15,369 | 36,792 | 240,963 |
| Changes in fair value of investment properties | | - | - | (369,006) |
| **Profit/(Loss) before income tax** | 20 | 15,369 | 36,792 | (128,043) |
| Income tax expense | 21 | (1,918) | (4,433) | (21,637) |
| **Profit/(Loss) for the year** | | 13,451 | 32,359 | (149,680) |
| | | | | |
| **Profit/(Loss) attributable to:** | | | | |
| Equity holder of the Company | | 13,451 | 31,946 | (176,685) |
| Minority interests | | - | 413 | 27,005 |
| **Profit/(Loss) for the year** | | 13,451 | 32,359 | (149,680) |
| | | | | |
| **Earnings/(Loss) per share (cents)** | | | | |
| - Basic and diluted | 22 | 0.97 | 2.13 | (10.13) |

The accompanying notes form an integral part of these combined financial statements.

## Combined Statements of Comprehensive Income
## Years Ended March 31, 2008, 2009 and 2010

| | 2008<br>US$'000 | 2009<br>US$'000 | 2010<br>US$'000 |
|---|---|---|---|
| **Profit/(Loss) for the year** | 13,451 | 32,359 | (149,680) |
| **Other comprehensive income** | | | |
| Foreign currency translation differences for foreign operations | 120,901 | (30,340) | 100,633 |
| **Other comprehensive income for the year** | 120,901 | (30,340) | 100,633 |
| **Total comprehensive income for the year** | 134,352 | 2,019 | (49,047) |
| **Attributable to:** | | | |
| Owners of the Company | 134,352 | 40,898 | (108,554) |
| Minority interests | - | (38,879) | 59,507 |
| **Total comprehensive income for the year** | 134,352 | 2,019 | (49,047) |

The accompanying notes form an integral part of these combined financial statements.

## Combined statements of changes in equity
## Years Ended March 31, 2008, 2009 and 2010

| | Share capital US$'000 | Capital reserve US$'000 | Currency translation reserve US$'000 | Other reserve US$'000 | Retained earnings US$'000 | Total US$'000 | Minority interests US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|
| At April 1, 2007 | * | 268,897 | 100,591 | - | 584,251 | 953,739 | - | 953,739 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | - | - | - | - | 13,451 | 13,451 | - | 13,451 |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | 120,901 | - | - | 120,901 | - | 120,901 |
| Total comprehensive income for the year | - | - | 120,901 | - | 13,451 | 134,352 | - | 134,352 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | |
| Capital contribution | - | 283,430 | - | - | - | 283,430 | - | 283,430 |
| Tax-exempt dividend paid | - | - | - | - | (24,563) | (24,563) | - | (24,563) |
| At March 31, 2008 | * | 552,327 | 221,492 | - | 573,139 | 1,346,958 | - | 1,346,958 |

* Less than US$1,000

The accompanying notes form an integral part of these combined financial statements.

| | Share capital US$'000 | Capital reserve US$'000 | Currency translation reserve US$'000 | Other reserve US$'000 | Retained earnings US$'000 | Total US$'000 | Minority interests US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|
| At April 1, 2008 | * | 552,327 | 221,492 | - | 573,139 | 1,346,958 | - | 1,346,958 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | - | - | - | - | 31,946 | 31,946 | 413 | 32,359 |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | 8,952 | - | - | 8,952 | (39,292) | (30,340) |
| Total comprehensive income for the year | - | - | 8,952 | - | 31,946 | 40,898 | (38,879) | 2,019 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | |
| Capital contribution | - | 209,311 | - | - | - | 209,311 | - | 209,311 |
| Redemption of preference shares issued by subsidiaries | - | - | - | - | - | - | (10,169) | (10,169) |
| Acquisition of subsidiaries | - | (671,762) | (156,320) | 1,040,102 | (1,239) | 210,781 | 803,819 | 1,014,600 |
| Tax-exempt dividends paid | - | - | - | - | (61,464) | (61,464) | (8,819) | (70,283) |
| At March 31, 2009 | * | 89,876 | 74,124 | 1,040,102 | 542,382 | 1,746,484 | 745,952 | 2,492,436 |

* Less than US$1,000

The accompanying notes form an integral part of these combined financial statements.

| | Share capital US$'000 | Capital reserve US$'000 | Currency translation reserve US$'000 | Other reserve US$'000 | Retained earnings US$'000 | Total US$'000 | Minority interests US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|
| At April 1, 2009 | * | 89,876 | 74,124 | 1,040,102 | 542,382 | 1,746,484 | 745,952 | 2,492,436 |
| **Total comprehensive income for the year** | | | | | | | | |
| (Loss)/Profit for the year | - | - | - | - | (176,685) | (176,685) | 27,005 | (149,680) |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | 68,131 | - | - | 68,131 | 32,502 | 100,633 |
| Total comprehensive income for the year | - | - | 68,131 | - | (176,685) | (108,554) | 59,507 | (49,047) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | |
| Capital contribution | - | 1,000 | - | - | - | 1,000 | 10,211 | 11,211 |
| Redemption of preference shares issued by subsidiaries | - | - | - | - | - | - | (30,673) | (30,673) |
| Acquisition of subsidiaries | - | - | - | - | - | - | 37,412 | 37,412 |
| Acquisition of interest in subsidiaries from minority interests | - | (8,065) | - | - | - | (8,065) | (2,081) | (10,146) |
| Disposal of subsidiaries | - | - | - | - | - | - | (26,722) | (26,722) |
| Transfer to reserves | - | 225 | - | - | (225) | - | - | - |
| Tax-exempt dividends paid | - | - | - | - | (64,643) | (64,643) | (17,409) | (82,052) |
| At March 31, 2010 | * | 83,036 | 142,255 | 1,040,102 | 300,829 | 1,566,222 | 776,197 | 2,342,419 |

* Less than US$1,000

The accompanying notes form an integral part of these combined financial statements.

## Combined Statements of Cash Flows
## Years Ended March 31, 2008, 2009 and 2010

| | Note | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit/(Loss) before income tax | | 15,369 | 36,792 | (128,043) |
| Adjustments for: | | | | |
| Amortization of transaction costs of bonds | | - | 1,285 | 4,892 |
| Depreciation of plant and equipment | | - | 8 | 35 |
| Loss on disposal/liquidation of subsidiaries and jointly-controlled entities | | 273 | 5,448 | 27,680 |
| Negative goodwill on acquisition of subsidiaries | | - | (295,676) | - |
| Loss on disposal of investment properties | | - | 21 | - |
| Share of results of jointly-controlled entities | | (16,574) | 280,280 | (31,984) |
| Changes in fair value of investment properties | | - | - | 369,006 |
| Changes in fair value of financial derivatives | | - | (49) | 3,510 |
| Impairment loss on trade and other receivables | | - | - | 124 |
| Interest income | | - | (186) | (1,560) |
| Interest expense | | - | 8,560 | 66,953 |
| | | (932) | 36,483 | 310,613 |
| Changes in working capital: | | | | |
| Trade and other receivables | | (77) | 19,658 | (3,304) |
| Trade and other payables | | 2 | (5,408) | (44,685) |
| Cash (used in)/generated from operations | | (1,007) | 50,733 | 262,624 |
| Income tax paid | | (1,918) | (5,405) | (8,782) |
| **Net cash (used in)/from operating activities** | | (2,925) | 45,328 | 253,842 |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Acquisition of subsidiaries, net of cash acquired | 23 | - | (917,018) | (65,720) |
| Acquisition of minority interests | | - | - | (10,146) |
| Development expenditure on investment properties | | - | (15,052) | (113,255) |
| Disposal of investment properties | | - | 3,388 | 9,860 |
| Disposal of subsidiary, net of cash disposed of | 23 | - | - | 12,250 |
| Proceeds from disposal of jointly-controlled entities | | 5,367 | - | - |
| Purchase of plant and equipment | | - | - | (6) |
| Interest income received | | - | 186 | 1,560 |
| Dividends received from jointly-controlled entities | | 37,162 | 33,648 | 6,305 |
| **Net cash from/(used in) investing activities** | | 42,529 | (894,848) | (159,152) |

The accompanying notes form an integral part of these combined financial statements.

| | Note | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|---|
| **Cash flows from financing activities** | | | | |
| Capital contribution from immediate holding company and related corporations | | - | 262,042 | - |
| (Repayment of)/Proceeds from loans and advances from immediate holding company and related corporations | | (39,604) | 660,965 | 6,193 |
| Proceeds from bank loans | | - | 334,771 | 160,498 |
| Repayment of bank loans | | - | (1,326) | (12,986) |
| Redemption of bonds | | - | (147) | (42,622) |
| Redemption of preference shares | | - | (10,169) | (30,673) |
| Deposits pledged | | - | (7,250) | 7,250 |
| Interest paid | | - | (8,590) | (67,121) |
| Dividends paid | | - | (67,241) | (17,409) |
| **Net cash (used in)/from financing activities** | | (39,604) | 1,163,055 | 3,130 |
| **Net increase in cash and cash equivalents** | | - | 313,535 | 97,820 |
| Cash and cash equivalents at beginning of year | | - | - | 304,147 |
| Effect of exchange rate changes on cash balances held in foreign currencies | | - | (9,388) | 10,054 |
| **Cash and cash equivalents at end of year** | 11 | - | 304,147 | 412,021 |

## *Significant Non-Cash Transactions*

1) During the year ended March 31, 2010, the minority shareholder of a subsidiary made a capital contribution to the subsidiary through the assignment of land to be developed as an investment property to the subsidiary. The fair value of the land was assessed to be approximately US$10,211,000 on the date of capital contribution.

2) During the years ended March 31, 2009 and 2010, each of the equity holders of a jointly-controlled entity, Global Logistic Properties Holdings Limited, contributed capital of US$4,000,000 and US$1,000,000 to the entity respectively.

The accompanying notes form an integral part of these combined financial statements.

## Notes to the combined financial statements

These notes form an integral part of the combined financial statements.

## 1 Background and basis of preparation

### (a) Introduction

These combined financial statements have been prepared for inclusion in the Prospectus of Global Logistic Properties Limited (the "Company") in connection with the initial public offering of ordinary shares of the Company (the "Offering").

### (b) Domicile and activities

The Company is incorporated in the Republic of Singapore on August 28, 2007 and has its registered office at 50 Raffles Place , #32-01, Singapore Land Tower, Singapore 048623.

The principal activities of the Company and its subsidiaries are those of an investment holding company and the provision of distribution facilities and services.

On September 15, 2010, the Company changed its name from Reco China Logistics Private Limited to Global Logistic Properties Pte. Ltd. On September 17, 2010, the Company converted into a public company limited by shares and changed its name to Global Logistic Properties Limited.

The immediate and ultimate holding company during the financial years 2008, 2009 and 2010 are Recosia China Private Limited ("Recosia China") and Government of Singapore Investment Corporation (Realty) Private Limited ("GIC Realty"), respectively. Both entities are incorporated in the Republic of Singapore.

The combined financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly-controlled entities.

## 2 Basis of preparation

### (a) Transfer of entities under common control

On September 27, 2010, the Company entered into a master restructuring agreement, which include the acquisition of 100% interests in Japan Logistic Properties 1 Private Limited ("JLP 1"), Japan Logistic Properties 2 Pte. Ltd. ("JLP 2") and Japan Logistic Properties 3 Pte. Ltd. ("JLP 3") from Reco Platinum Pte Ltd ("Reco Platinum"), Reco Benefit Private Limited ("Reco Benefit") and Reco Heir Private Limited ("Reco Heir") respectively (the "Japan Reorganization") and the 50% interests in Global Logistic Properties Holdings Limited ("GLPH") from Reco Logistics Management Private Limited ("Reco Logistics") (the "GLPH Reorganization"). The ultimate holding company of Reco Platinum, Reco Benefit, Reco Heir and Reco Logistics is GIC Realty.

The Japan Reorganization and the GLPH Reorganization are considered to be acquisitions of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to these reorganizations have been accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of these entities have been included in the combined financial statements at their historical carrying amounts. Although the master restructuring agreement was entered into on September 27, 2010, the combined financial statements present the financial condition, results of operations and cash flows as if the reorganizations had occurred as of the beginning of the earliest period presented.

These combined financial statements of the Group for the relevant periods were audited by KPMG LLP Singapore, a firm of Certified Public Accountants registered with the Accounting and Corporate Regulatory Authority, in accordance with Singapore Standards on Auditing.

(b) Statement of compliance

The combined financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

(c) Basis of measurement

The combined financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

(d) Functional and presentation currency

The financial statements are presented in United States dollars ("US dollars" or "US$") which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 4 – valuation of investment properties

Note 23 – valuation of assets and liabilities acquired in business combination

Note 25 – valuation of financial instruments

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in Note 3(e) below.

(a) Combination

The combined financial statements of the Group have been prepared on the basis that the acquistions described in Note 2(a) had taken effect and been completed as of

April 1, 2007, or the dates of incorporation/establishment of subsidiaries under common control, if later, but without taking into account the payments that are required to be made.

*(i) Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Group has also established certain special purpose entities ("SPE") for investment purposes. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group, and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

For acquisition of interests in entities under common control, the identifiable assets and liabilities were accounted for at their historical costs, in a manner similar to the "pooling-of-interests" method of accounting. Any excess or deficiency between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is recognized directly in equity.

For acquisition of subsidiaries accounted under the purchase method, the cost of acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any excess or deficiency of the purchase consideration over the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted as goodwill or negative goodwill. Goodwill is stated at cost less impairment losses and is tested annually for impairment. Negative goodwill is recognized in profit or loss in the period of acquisition.

*(ii) Jointly-controlled entities*

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly-controlled entities are accounted using the equity method and are recognized initially at cost. The Group's investments in jointly-controlled entities include goodwill identified on acquisition, net of any accumulated impairment losses. The combined financial statements include the Group's share of the income, expenses and equity movements of jointly controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in a jointly-controlled entity, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

*(iii) Transactions eliminated on combination*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements. Unrealized gains arising from transactions with jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

*(i) Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below).

*(ii) Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss on disposal.

*(iii) Net investment in foreign operation*

Exchange differences arising from monetary items that form part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the foreign operation, as appropriate. Such exchange differences are reclassified to other comprehensive income in the combined financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss arising from disposal.

(c) Financial instruments

*(i) Non-derivative financial instruments*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets, loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, except prepayments.

Cash and cash equivalents comprise cash balances and bank deposits.

*(ii) Non-derivative financial liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities, loans and borrowings, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

*(iii) Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

*(iv) Derivative financial instruments, including hedge accounting*

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and therein are accounted as described below.

*Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

*Other non-trading derivatives*

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

## (d) Plant and equipment

### (i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment. Purchase of software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as a separate item (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognized net in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value. Depreciation on plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of plant and equipment. The estimated useful lives of furniture, fittings and equipment range from 2 to 10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Land held for development represents lease prepayments for acquiring rights to use land in the People's Republic of China ("PRC") with periods ranging from 40 to 50 years. Such rights granted with consideration are recognised initially at acquisition cost less accumulated amortization of these rights over the lease period.

*(i) Completed investment properties and investment properties under re-development*

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognised in profit or loss.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

*(ii) Properties under development and land held for development*

*Prior to April 1, 2009*

Property that is being constructed or developed for future use as investment property is initially accounted for at cost, including capitalized land use rights less accumulated amortization of these rights over the lease period. Upon completion of the contruction, the property is remeasured to fair value with any change therein recognized in profit or loss.

*On or after April 1, 2009*

Property that is being constructed or developed for future use as investment property is initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss.

*Change in accounting policy*

The Group adopted the amendments made to IAS 40 *Investment Property*, effective for annual periods beginning on or after January 1, 2009, on April 1, 2009. Under this amendment, property that is being constructed or developed for future use as investment property meets the definition of an investment property. As the Group has adopted the fair value model to measure its investment properties, properties in the course of development and land held for development for future use as investment properties was accordingly stated at fair value with effect from April 1, 2009, with any change therein recognized in profit or loss.

(f) Intangible assets

*(i) Goodwill*

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of jointly-controlled entities is presented together with investments in jointly-controlled entities.

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment. Negative goodwill is recognized immediately in profit or loss.

*(ii) Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortization and accumulated impairment losses.

*(iii) Amortization*

Amortization is calculated over the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of intangible assets are as follows:

| | |
|---|---|
| Trademarks | 20 years |
| Non-competition | over the term of relevant agreement |

## (g) Impairment

### *(i) Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### *(ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in jointly-controlled entity is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a jointly-controlled entity is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

## (h) Employee benefits

### *(i) Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by employees.

### *(ii) Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### *(iii) Employee leave entitlement*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

## (i) Provision

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

## (j) Revenue recognition

*Rental income*

Rental income receivable under operating leases is recognized in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognized as an integral part of the total rental income to be received. Contingent rentals are recognized as income in the accounting period in which they are earned.

## (k) Finance income and expenses

Interest income is recognized as its accrues in profit or loss, using the effective interest method.

All borrowing cost are recognized in profit or loss using the effective interest method, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

## (l) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weigthed average number of ordinary shares outstanding, and for the effects of all dilutive potential ordinary shares.

(n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) New accounting standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended March 31, 2010 have not been applied in preparing these financial statements. Management does not expect any of these are expected to have a significant impact on the combined financial statements.

## 4 Investment properties

| | **2008 US$'000** | **2009 US$'000** | **2010 US$'000** |
|---|---|---|---|
| At April 1 | - | - | 6,374,448 |
| Additions | - | 15,549 | 117,856 |
| Disposals | - | (3,409) | (9,860) |
| Acquisition of subsidiaries | - | 6,669,826 | 147,721 |
| Borrowing cost capitalized | - | 30 | 168 |
| Development fees capitalized | - | 1,001 | 5,609 |
| Changes in fair value | - | - | (369,006) |
| Translation differences | - | (308,549) | 262,037 |
| At March 31 | - | 6,374,448 | 6,528,973 |

***Comprising:***

| | | | |
|---|---|---|---|
| Completed investment properties | - | 5,932,767 | 6,187,031 |
| Investment properties under re-development | - | 12,312 | 33,191 |
| Properties under development | - | 195,182 | 79,834 |
| Land held for development | - | 234,187 | 228,917 |
| | - | 6,374,448 | 6,528,973 |

Properties under development and land held for development are stated at cost as at March 31, 2009 and at fair value as at March 31, 2010 (see Note 3(e)).

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to ten years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Investment properties with carrying value totalling approximately US$5,807,046,000 as at March 31, 2010 (2009: US$5,531,563,000; 2008: US$Nil) were mortgaged to banks and bondholders to secure credit facilities for the Group (Note 15). Interest capitalized as costs of investment properties amounted to approximately US$168,000 during the 2010 financial year (2009: US$30,000; 2008: US$Nil).

In determining fair value, a combination of approaches were used, including the direct comparison, income capitalization and discounted cash flow approach. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalization approach capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The range of yields applied to the net annual rentals to determine the fair value of properties under the discounted cash flow approach is as follows:

| | | **Valuation dates** | |
|---|---|---|---|
| | **2008** | **2009** | **2010** |
| | **%** | **%** | **%** |
| PRC | - | 7.00 – 7.50 | 6.50 – 7.50 |
| Japan | - | 4.08 – 8.98 | 5.11 – 9.46 |

The fair value of investment properties assessed by independent valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category as at March 31, 2010 were US$6,528,973,000 (2009: US$5,312,515,000; 2008: US$Nil).

## 5 Jointly-controlled entities

| | **2008** | **2009** | **2010** |
|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** |
| Interests in jointly-controlled entities | 1,568,318 | 378,826 | 315,469 |

See Note 28 for details of significant jointly-controlled entities.

The following amounts represent the Group's proportionate share of results, assets and liabilities of the jointly-controlled entities:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| **Assets and liabilities** | | | |
| Non-current assets | 4,095,255 | 644,037 | 449,393 |
| Current assets | 141,549 | 250,635 | 96,824 |
| Total assets | 4,236,804 | 894,672 | 546,217 |
| Non-current liabilities | (1,794,735) | (266,268) | (131,143) |
| Current liabilities | (389,946) | (249,578) | (99,605) |
| Total liabilities | (2,184,681) | (515,846) | (230,748) |
| Minority interests | (483,805) | - | - |

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| **Results** | | | |
| Revenue | 165,178 | 242,455 | 76,261 |
| Expenses | (148,604) | (522,735) | (44,277) |
| Profit/(loss) for the year | 16,574 | (280,280) | 31,984 |
| Capital commitments in relation to interests in jointly-controlled entities | - | 7,165 | 7,165 |
| Proportionate interest in jointly-controlled entities' commitments | - | 115,020 | 153,993 |

## 6 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

| 2009 | At April 1 US$'000 | Acquisition of subsidiaries US$'000 | Exchange differences US$'000 | Recognised in profit or loss (Note 21) US$'000 | At March 31 US$'000 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Unutilized tax losses | - | 5,388 | - | 576 | 5,964 |
| Investment properties | - | 4,564 | (251) | - | 4,313 |
| Interest rate swaps | - | 630 | (32) | 69 | 667 |
| Others | - | 1,392 | (45) | (1,343) | 4 |
| | - | 11,974 | (328) | (698) | 10,948 |
| **Deferred tax liabilities** | | | | | |
| Investment properties | - | (110,949) | 4,253 | - | (106,696) |
| Others | - | - | - | (962) | (962) |
| | - | (110,949) | 4,253 | (962) | (107,658) |
| Total | - | (98,975) | 3,925 | (1,660) | (96,710) |
| **2010** | | | | | |
| **Deferred tax assets** | | | | | |
| Unutilized tax losses | 5,964 | - | - | 1,164 | 7,128 |
| Investment properties | 4,313 | - | 232 | 6,934 | 11,479 |
| Interest rate swaps | 667 | - | 37 | 921 | 1,625 |
| Others | 4 | - | - | (4) | - |
| | 10,948 | - | 269 | 9,015 | 20,232 |
| **Deferred tax liabilities** | | | | | |
| Investment properties | (106,696) | (2,275) | (3,598) | (21,864) | (134,433) |
| Others | (962) | - | (13) | 216 | (759) |
| | (107,658) | (2,275) | (3,611) | (21,648) | (135,192) |
| Total | (96,710) | (2,275) | (3,342) | (12,633) | (114,960) |

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Deferred tax assets | - | 10,948 | 20,232 |
| Deferred tax liabilities | - | 107,658 | 135,192 |

Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Tax losses | - | 48,128 | 68,460 |

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The unrecognized tax losses will expire within 1 to 5 years.

## 7 Plant and equipment

| | Furniture, fittings and equipment US$'000 |
|---|---|
| **Cost** | |
| At April 1, 2007 and March 31, 2008 | - |
| Acquisition of subsidiaries | 195 |
| At March 31, 2009 | 195 |
| Additions | 6 |
| At March 31, 2010 | 201 |
| **Accumulated depreciation** | |
| At April 1, 2007 and March 31, 2008 | - |
| Depreciation charge for the year | 8 |
| Acquisition of subsidiaries | 83 |
| At March 31, 2009 | 91 |
| Depreciation charge for the year | 35 |
| At March 31, 2010 | 126 |
| **Carrying amount** | |
| At April 1, 2007 and March 31, 2008 | - |
| At March 31, 2009 | 104 |
| At March 31, 2010 | 75 |

## 8 Other non-current assets

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Trade receivables | - | 13,551 | 12,894 |
| Prepayments | - | 1,212 | 1,586 |
| Others | - | 1,715 | 2,871 |
| | - | 16,478 | 17,351 |

Trade receivables comprise non-current rent receivables. Management has assessed that no allowance for impairment losses is required in respect of the Group's non-current rent receivables.

## 9 Trade and other receivables

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Trade receivables | - | 4,043 | 9,657 |
| Impairment losses | - | - | (117) |
| Net trade receivables | - | 4,043 | 9,540 |
| Amounts due from related corporations: | | | |
| - trade | - | - | 673 |
| - non-trade and interest-free | - | - | 38 |
| Amounts due from jointly-controlled entities (non-trade and interest-bearing) | - | 13,088 | - |
| Notes receivable from related corporations | - | 30,615 | 30,615 |
| Loans to minority interests | - | - | 974 |
| | - | 43,703 | 32,300 |
| Deposits | - | 52,485 | 50,089 |
| Other receivables | - | 6,615 | 3,702 |
| Impairment losses | - | (523) | (530) |
| | - | 6,092 | 3,172 |
| Prepayments | 77 | 1,014 | 8,126 |
| | 77 | 107,337 | 103,227 |

The balances due from related corporations, jointly-controlled entities and minority interests are unsecured and repayable on demand.

Deposits include an amount of US$47,577,000 (2009: US$52,457,000; 2008: US$Nil) in relation to the acquisition of new investments. Other receivables comprise principally interest receivables and other recoverables.

The effective interest rate of amounts due from jointly-controlled entities as at March 31, 2009 ranged from 4.54% to 7.47% per annum.

The effective interest rate of notes receivable from related corporations as at March 31, 2010 and 2009 are 1.23% and 1.50% respectively

The effective interest rate of the loans to minority interests as at March 31, 2010 is 4.0% per annum.

### Impairment losses

The ageing of current loans and receivables at the reporting date is:

| | Gross 2008 US$'000 | Impairment 2008 US$'000 | Gross 2009 US$'000 | Impairment 2009 US$'000 | Gross 2010 US$'000 | Impairment 2010 US$'000 |
|---|---|---|---|---|---|---|
| Not past due | - | - | 103,995 | - | 91,584 | - |
| Past due 1 – 30 days | - | - | 1,273 | - | 2,074 | - |
| Past due 31 – 90 days | - | - | 959 | - | 1,255 | - |
| More than 90 days | - | - | 619 | (523) | 835 | (647) |
| | - | - | 106,846 | (523) | 95,748 | (647) |

The movement in the allowances for impairment in respect of trade and other receivables during the year was as follows:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| At April 1 | - | - | 523 |
| Impairment loss recognized | - | - | 124 |
| Acquisition of subsidiaries | - | 523 | - |
| At March 31 | - | 523 | 647 |

Based on historical default rates, the Group believes that, except for those recognized, no additional impairment loss is necessary in respect of trade and other receivables. These receivables relate to customers that have a good credit record with the Group.

## 10 Financial derivatives

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| **Financial derivative assets** | | | |
| Interest rate swaps | - | 480 | 33 |
| **Financial derivative liabilities** | | | |
| Interest rate swaps | - | 28,280 | 32,729 |

## 11 Cash and cash equivalents

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Fixed deposits with financial institutions | - | 32,030 | 100,300 |
| Cash at bank | - | 279,367 | 311,721 |
| Cash and cash equivalents | - | 311,397 | 412,021 |
| Deposits pledged | - | (7,250) | - |
| Cash and cash equivalents in the statements of cash flows | - | 304,147 | 412,021 |

Deposits pledged represents bank balances of certain subsidiaries pledged as security to obtain credit facilities.

The effective interest rates relating to fixed deposits with financial institutions at the balance sheet date ranged from 0.04% – 0.66% (2009: 0.02% – 1.66%; 2008: Nil%) per annum. Interest rates reprice at intervals of one to twelve months.

## 12 Share capital

| | 2008 No. of shares '000 | 2009 No. of shares '000 | 2010 No. of shares '000 |
|---|---|---|---|
| **Fully paid ordinary shares, with no par value:** | | | |
| At April 1 | * | * | * |
| Issue of shares | * | * | * |
| At March 31 | * | * | * |

* Less than 1,000 shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

***Capital management***

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximize shareholder's value. The Group defines "capital" as including all components of equity plus loans from its immediate holding company and related corporations with no fixed terms of repayment.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

There were no changes in the Group's approach to capital management during the year.

Except for the requirement on the maintenance of statutory reserve fund by subsidiaries incorporated in the PRC, there are no externally imposed capital requirements for the years ended March 31, 2008, 2009 and 2010.

## 13 Reserves

| | 2008<br>US$'000 | 2009<br>US$'000 | 2010<br>US$'000 |
|---|---|---|---|
| Capital reserve | 552,327 | 89,876 | 83,036 |
| Currency translation reserve | 221,492 | 74,124 | 142,255 |
| Other reserve | - | 1,040,102 | 1,040,102 |
| Retained earnings | 573,139 | 542,382 | 300,829 |
| | 1,346,958 | 1,746,484 | 1,566,222 |

Capital reserve comprises mainly capital contributions from the immediate holding company and the Group's share of the statutory reserve of their PRC-incorporated subsidiaries. Subsidiaries incorporated in the PRC are required by the Foreign Enterprise Law to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities.

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and jointly-controlled entities.

Other reserve comprises the share capital of entities under common control that were acquired as part of the Japan Reorganization and GLPH Reorganization.

## 14 Minority interests

| | 2008<br>US$'000 | 2009<br>US$'000 | 2010<br>US$'000 |
|---|---|---|---|
| Preferred equity | - | 657,597 | 697,856 |
| Share of net assets of minority shareholders | - | 88,355 | 78,341 |
| | - | 745,952 | 776,197 |

Preferred equity relates to the preference shares issued by certain subsidiaries of JLP 1, JLP 2 and JLP 3, net of transaction costs and cumulative dividends payable to holders of these preference shares.

The holders of the preference shares are entitled to a dividend that would be paid on a cumulative and non-participation basis at an amount ranging from 2.0% to 4.0% (2009: 2.0% to 3.5%; 2008: Nil%) per annum of the principal value of the preference shares. The preference shares are redeemable and dividends are payable only at the discretion of the subsidiaries. The preference shareholders' residual interest in the subsidiaries is limited to the principal amount of the preference shares.

Share of net assets of minority shareholders pertains to minority shareholders of the Group's subsidiaries in the PRC.

## 15 Loans and borrowings

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Secured bank loans | - | 186,095 | 304,549 |
| Secured bonds | - | 2,330,542 | 2,172,728 |
| Unsecured bank loans | - | 150,432 | 187,554 |
| | - | 2,667,069 | 2,664,831 |
| **Current liabilities** | | | |
| Secured bank loans | - | 41,180 | 35,605 |
| Secured bonds | - | 246,394 | 532,448 |
| Unsecured bank loans | - | 177,066 | 147,696 |
| | - | 464,640 | 715,749 |

**(a) Bank loans**

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of US$709,210,000 (2009: US$367,021,000; 2008: US$Nil) (Note 4).

The effective interest rates for bank borrowings (taking into account the effects of interest rate swaps) ranged from 0.68% to 5.95% (2009: 2.20% to 7.47%; 2008: Nil%) per annum.

Maturity of bank loans:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Within 1 year | - | 218,246 | 183,301 |
| From 1 to 5 years | - | 301,210 | 408,865 |
| After 5 years | - | 35,317 | 83,238 |
| After 1 year | - | 336,527 | 492,103 |
| | - | 554,773 | 675,404 |

Analysis of bank loans by geographic regions:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| PRC | - | 162,601 | 268,359 |
| Japan | - | 78,572 | 93,445 |
| Singapore | - | 313,600 | 313,600 |
| | - | 554,773 | 675,404 |

**(b) Details of secured bonds**

The bonds are issued by certain subsidiaries of JLP 1, JLP 2, and JLP 3 and are fully secured by investment properties with carrying amounts of

US$5,097,836,000 (2009: US$5,164,362,000; 2008: US$Nil) (Note 4) owned by these subsidiaries.

The effective interest rates for secured bonds (taking into account the effects of interest rate swaps) ranged from 1.04% to 2.67% (2009: 1.04% to 2.44%; 2008: Nil%) per annum.

Maturity of secured bonds:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Within 1 year | - | 246,394 | 532,448 |
| Within 1 to 5 years | - | 2,330,542 | 2,172,728 |
| | - | 2,576,936 | 2,705,176 |

## 16 Other non-current liabilities

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Security deposits received | - | 103,175 | 113,004 |
| Payable for acquisition of investment properties | - | 46,540 | 11,703 |
| | - | 149,715 | 124,707 |

## 17 Trade and other payables

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Trade payables | - | 101,872 | 70,589 |
| Accruals | - | 18,977 | 14,803 |
| Advance rental received | - | 29,173 | 32,058 |
| Security deposits received | - | 6,732 | 11,170 |
| Amounts due to: | | | |
| - immediate holding company (non-trade) | - | 590,605 | 599,004 |
| - related corporations (trade) | - | - | 5,889 |
| - related corporations (non-trade) | 221,435 | 531,139 | 563,425 |
| Dividends payable | - | - | 64,810 |
| Other payables | 2 | 10,396 | 18,458 |
| | 221,437 | 1,288,894 | 1,380,206 |

The amounts due to immediate holding company and related corporations are unsecured, interest-free and are repayable on demand.

Accruals include accrued operating and development expenditure. Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

## 18 Revenue

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Rental and related income | - | 51,278 | 407,968 |

## 19 Net finance costs

| | Note | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|---|
| Interest income on: | | | | |
| - Fixed deposits | | - | 186 | 509 |
| - Minority interests | | - | - | 39 |
| - Others | | - | - | 1,012 |
| Interest income | | - | 186 | 1,560 |
| Amortization of transaction costs of bonds | | - | (1,285) | (4,892) |
| Interest expenses on: | | | | |
| - Bonds | | - | (6,256) | (50,042) |
| - Bank loans | | - | (2,334) | (16,550) |
| - Others | | - | - | (529) |
| Total borrowing costs | | - | (9,875) | (72,013) |
| Less: Borrowing costs capitalised in investment properties | 4 | - | 30 | 168 |
| Net borrowing costs | | - | (9,845) | (71,845) |
| Foreign exchange (loss)/gain | | - | (23) | 13,327 |
| Changes in fair value of financial derivatives | | - | 49 | (3,510) |
| Net finance costs recognised in profit or loss | | - | (9,633) | (60,468) |

## 20 Profit/(Loss) before income tax

The following items have been included in arriving at profit/(loss) before income tax:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Loss on liquidation/disposal of subsidiaries | - | (5,448) | (27,680) |
| Loss on disposal of jointly-controlled entities | (273) | - | - |
| Loss on disposal of investment properties | - | (21) | - |
| Negative goodwill on acquisition of subsidiaries | - | 295,676 | - |
| Non-operating (expense)/income | (273) | 290,207 | (27,680) |
| Staff costs | - | (117) | (768) |
| Contributions to defined contribution plans, included in staff costs | - | (21) | (141) |
| Depreciation of plant and equipment | - | (8) | (35) |
| Operating expenses arising from investment properties # | - | (11,370) | (80,415) |
| Impairment loss on trade and other receivables | - | - | (124) |
| Operating lease expense | - | (34) | (209) |
| Management fees: | | | |
| - Asset management | - | (3,877) | (24,547) |
| - Investment management | - | - | (9,137) |
| - Property management | - | (135) | (1,417) |

#: include staff costs, asset management fees and property-related expenses

## 21 Income tax expense

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| **Current tax** | | | |
| Current year | - | 1,038 | 5,998 |
| Withholding tax | 1,918 | 1,735 | 3,006 |
| | 1,918 | 2,773 | 9,004 |
| **Deferred tax** | | | |
| Origination and reversal of temporary differences | - | 1,660 | 12,633 |
| | 1,918 | 4,433 | 21,637 |
| **Reconciliation of expected to actual income tax** | | | |
| Profit/(Loss) before income tax | 15,369 | 36,792 | (128,043) |
| Less: Share of results of jointly-controlled entities | (16,574) | 280,280 | (31,984) |
| Profit/(Loss) before share of results of jointly-controlled entities and income tax | (1,205) | 317,072 | (160,027) |
| Income tax (benefit)/expense using Singapore tax rate of 17% in 2010 (2009: 17%; 2008: 18%) | (217) | 53,902 | (27,205) |
| Effect of tax rates in foreign jurisdictions | - | (3,127) | 31,915 |
| Net income not subject to tax @ | - | (50,326) | (2,451) |
| Non-deductible expenses | 217 | 1,061 | 11,579 |
| Deferred tax assets not recognised | - | 1,385 | 4,997 |
| Recognition of previously unrecognised tax losses | - | (272) | (204) |
| Withholding tax on dividend income from foreign subsidiaries | 1,918 | 1,735 | 3,006 |
| Others | - | 75 | - |
| | 1,918 | 4,433 | 21,637 |

@ Includes tax effects of negative goodwill on acquisition of subsidiaries of US$50,265,000 for year ended March 31, 2009

## 22 Earnings/(Loss) per share

The basic earnings/(loss) per share for the years ended March 31, 2008, 2009 and 2010 was based on the profit/(loss) attributable to ordinary shareholder of US$13,451,000, US$31,946,000 and US$(176,685,000) respectively and a weighted average number of ordinary shares outstanding of 1,391,511,000, 1,499,852,000 and 1,743,357,000 respectively, calculated as follows:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Profit/(Loss) attributable to ordinary shareholders | 13,451 | 31,946 | (176,685) |

**Weighted average number of shares**

| | Number of shares 2008 ('000) | Number of shares 2009 ('000) | Number of shares 2010 ('000) |
|---|---|---|---|
| Issued ordinary shares at April 1 | * | * | * |
| Sub-division of ordinary shares, via a share split | 366,071 | 366,071 | 366,071 |
| Issue of ordinary shares during the year | 115,268 | 66,987 | - |
| Issue of ordinary shares for the acquisition of entities under common control | 910,172 | 1,066,794 | 1,377,286 |
| Weighted average number of shares at March 31 | 1,391,511 | 1,499,852 | 1,743,357 |

* *Comprising 2 ordinary shares*

For purposes of preparing the combined financial statements, the weighted average number of shares as at March 31, 2008, 2009 and 2010 includes the estimated shares issued to effect the acquisition of interests in common control entities pursuant to the Japan Reorganization and GLPH Reorganization, on the basis that the transfers had taken effect as of April 1, 2007, or the dates of incorporation/establishment of subsidiaries under common control, if later.

There were no potential dilutive ordinary shares in existence for the years ended March 31, 2008, 2009 and 2010.

## 23 Notes to the combined statements of cash flows

### (a) Acquisition of subsidiaries

(i) The list of subsidiaries acquired during the year ended March 31, 2009 is as follows:

| Name of subsidiaries | Date acquired | Equity interest acquired % |
|---|---|---|
| Shinkiba Logistics SPC | February 2009 | 20[1] |
| Urayasa Logistics SPC | February 2009 | 20[1] |
| Shinsuna Logistics SPC | February 2009 | 20[1] |
| Tatsumi Logistics SPC | February 2009 | 20[1] |
| Narita Logistics SPC | February 2009 | 20[1] |
| Tokyo Logistics SPC | February 2009 | 20[1] |
| Urayasu Two Logistics SPC | February 2009 | 20[1] |
| Tokai Logistics SPC | February 2009 | 20[1] |
| Fukusaki Logistics SPC | February 2009 | 20[1] |
| Narashino Logistics SPC | February 2009 | 20[1] |
| Hachioji Logistics SPC | February 2009 | 20[1] |
| Kazo Logistics SPC | February 2009 | 20[1] |
| Funabashi Logistics SPC | February 2009 | 20[1] |
| Osaka Logistics SPC | February 2009 | 20[1] |
| Yokohama Logistics SPC | February 2009 | 20[1] |
| Kasukabe Logistics SPC | February 2009 | 20[1] |
| Amagasaki Logistic SPC | February 2009 | 20[1] |
| Amagasaki Two Logistic SPC | February 2009 | 20[1] |
| Cosmos SPC | February 2009 | 20[1] |
| Atsugi SPC | February 2009 | 20[1] |
| Fukaehama Logistic SPC | February 2009 | 20[1] |
| Funabashi Two Logistic SPC | February 2009 | 20[1] |

| Name of subsidiaries | Date acquired | Equity interest acquired % |
|---|---|---|
| Hayashima Two Logistic SPC | February 2009 | 20[1] |
| Hirakata Logistic SPC | February 2009 | 20[1] |
| Hirakata Two Logistic SPC | February 2009 | 20[1] |
| Seishin Logistic SPC | February 2009 | 20[1] |
| Koshigaya Two Logistic SPC | February 2009 | 20[1] |
| Maishima One Logistic SPC | February 2009 | 20[1] |
| Maishima Two Logistic SPC | February 2009 | 20[1] |
| Narashino Two Logistic SPC | February 2009 | 20[1] |
| Narita Two Logistic SPC | February 2009 | 20[1] |
| Hayashima Logistic SPC | February 2009 | 20[1] |
| Okegawa SPC | February 2009 | 20[1] |
| Misato Logistic SPC | February 2009 | 20[1] |
| Sakai Logistic SPC | February 2009 | 20[1] |
| Sendai Logistic SPC | February 2009 | 20[1] |
| Sugito Logistic SPC | February 2009 | 20[1] |
| Tokyo Two Logistic SPC | February 2009 | 20[1] |
| Tomiya Logistic SPC | February 2009 | 20[1] |
| Tomisato Logistic SPC | February 2009 | 20[1] |
| Urayasu Three Logistic SPC | February 2009 | 20[1] |
| Sugito Two Logistic SPC | February 2009 | 20[1] |
| Tosu One Logistic SPC | February 2009 | 20[1] |
| Tsumori Logistic SPC | February 2009 | 20[1] |
| Iwatsuki SPC | February 2009 | 20[1] |
| Komaki Logistic SPC | February 2009 | 20[1] |
| Koriyama One Logistic SPC | February 2009 | 20[1] |
| Kiyama Logistic SPC | February 2009 | 20[1] |
| Akishima Logistic SPC | February 2009 | 20[1] |
| Yachiyo Logistic SPC | February 2009 | 20[1] |
| Hakozaki Logistic SPC | February 2009 | 20[1] |
| Tosu Five Logistic SPC | February 2009 | 20[1] |
| Koshigaya Three Logistic SPC | February 2009 | 20[1] |
| Azalea SPC | February 2009 | 20[1] |
| CLH Limited | February 2009 | 33[2] |
| GLP Pujin Development Co., Ltd. | July 2008 | 67[3] |
| | February 2009 | 33[2] |
| Zhongbao Logistics Co., Ltd. | September 2008 | 67[3] |
| | February 2009 | 33[2] |
| Shanghai GLP Chapu Development Co., Ltd. | February 2009 | 100 |
| GLP Puyun Warehousing Services Co., Ltd. | February 2009 | 100 |
| GLP Guangzhou Bonded Development Co., Ltd. | February 2009 | 100 |
| GLP Beijing Airport Logistics Development Co., Ltd. | February 2009 | 100 |
| GLP Foshan Logistics Co., Ltd. | February 2009 | 100 |
| GLP Hangzhou Logistics Development Co., Ltd. | February 2009 | 100 |
| GLP Shanghai Jiading Development Co., Ltd. | February 2009 | 100 |
| GLP Beijing Majuqiao Logistics Development Co., Ltd. | February 2009 | 100 |
| GLP Songjiang Development Co., Ltd. | February 2009 | 100 |
| Shanghai Minhang GLP Development Co., Ltd. | February 2009 | 100 |
| GLP (Qingdao) Airport International Logistics Development Co., Ltd. | February 2009 | 100 |

| Name of subsidiaries | Date acquired | Equity interest acquired % |
|---|---|---|
| GLP (Qingdao) Qianwan Harbor International Logistics Development Co., Ltd. | February 2009 | 100 |
| GLP (Qingdao) JiaoNan International Logistics Development Co., Ltd. | February 2009 | 100 |
| GLP Nanjing Jiangning Development Co., Ltd. | February 2009 | 100 |
| GLP (Guangzhou) Baopu Development Co., Ltd. | February 2009 | 100 |
| GLP Jiaxing Development Co., Ltd. | February 2009 | 100 |
| GLP Chongqing Development Co., Ltd. | February 2009 | 100 |
| GLP Wuxi Logistics Development Co., Ltd. | February 2009 | 100 |
| GLP Fengmin Development Co., Ltd. | February 2009 | 100 |
| GLP (Tianjin) Industry Development Co., Ltd. | February 2009 | 100 |
| GLP Chenghua Development Co., Ltd. | February 2009 | 100 |
| GLP Changsha Development Co., Ltd. | February 2009 | 100 |
| GLP Fengjia Development Co., Ltd. | February 2009 | 100 |
| GLP Fengsong Development Co., Ltd. | February 2009 | 100 |
| Ningbo Gangrui Warehousing Co., Ltd. | February 2009 | 100 |
| Ningbo Haichuang Logistics Co., Ltd. | February 2009 | 100 |
| GLP Xujing Logistics Co., Ltd. | February 2009 | 100 |
| Pushun Logistics Park Development Co., Ltd. | February 2009 | 100 |
| Qingdao Shuangyi Logistics Co., Ltd. | February 2009 | 100 |
| Tianjin Puqing Logistics Co., Ltd. | February 2009 | 100 |
| GLP (Ningbo Beilun) Warehousing Co., Ltd. | February 2009 | 100 |
| GLP Jiashan Pujia Logistics Co., Ltd. | February 2009 | 100 |
| GLP Pumin Logistics Co., Ltd. | February 2009 | 100 |
| GLP Taicang Logistics Co., Ltd. | February 2009 | 100 |
| GLP Chengdu Hi-Tech Co., Ltd. | February 2009 | 100 |
| GLP Pujiang Logistics Co., Ltd. | February 2009 | 100 |
| Shanghai Puchuan Logistics Co., Ltd. | February 2009 | 100 |
| GLP Wanqing Logistics Co., Ltd. | February 2009 | 100 |
| Jiangsu Beisheng Technology Co., Ltd. | February 2009 | 100 |
| GLP Luoxin Logistics Co., Ltd. | February 2009 | 100 |
| Beijing Jingcai Warehousing Co., Ltd. | February 2009 | 100 |
| GLP Laogang Development Co., Ltd. | February 2009 | 100 |
| Kunshan GLP Dianshanhu Logistics Co., Ltd. | February 2009 | 100 |
| GLP Puting Logistics Co., Ltd. | February 2009 | 100 |
| GLP Kunshan Puqiao Logistics Co., Ltd | February 2009 | 100 |
| GLP Wuxi Pushan Logistics Co., Ltd | February 2009 | 100 |
| Tianjin Zhiji Development Co., Ltd | February 2009 | 100 |
| Guangzhou Anhua Logistics Co., Ltd | February 2009 | 100 |
| High-Tech Base (Shanghai) Machinery Co., Ltd. | February 2009 | 90 |
| GLP Tianjin Development Co., Ltd. | February 2009 | 80 |
| GLP (Wuhan) Dongxihu Logistics Park Development Co., Ltd | February 2009 | 70 |
| Beijing City Power Warehousing Co., Ltd. | February 2009 | 70 |
| Zhuhai GLP – Gree Logistics Development Co., Ltd. | February 2009 | 70 |
| Dalian GLP – Jifa Development Co., Ltd. | February 2009 | 60 |
| Shen Yang GLP Jifa Logistics Development Co., Ltd. | February 2009 | 60 |
| SZITIC Shenzhen Commercial Property Co., Ltd. | February 2009 | 51 |

Note:

(1) Following the acquisition of the remaining 20% equity interest in these jointly-controlled entities, the Group controls 100% equity interest in these entities.

(2) Following the acquisition of the remaining 33% equity interest in these jointly-controlled entities, the Group controls 100% equity interest in these entities.

(3) The Group held 67% joint interest in these entities and equity-accounted for its share of results in these entities until its subsequent acquisition of the remaining 33% interest in February 2009.

**Effects of acquisitions**

The cash flow and the net assets of subsidiaries acquired during the year ended March 31, 2009 are provided below:

| | **Recognised values on acquisition US$'000** |
|---|---|
| Plant and equipment | 112 |
| Investment properties | 6,669,826 |
| Jointly-controlled entities | 377,580 |
| Deferred tax assets | 11,974 |
| Trade and other receivables | 114,443 |
| Cash and cash equivalents | 348,529 |
| Trade and other payables | (608,044) |
| Loans and borrowings | (2,951,910) |
| Current tax payable | (3,798) |
| Deferred tax liabilities | (110,949) |
| Minority interests | (803,819) |
| Net assets acquired | 3,043,944 |
| Share of net assets of jointly-controlled entities prior to the acquisition of the remaining 20%/33% equity interests | (1,482,721) |
| Negative goodwill on acquisition of subsidiaries | (295,676) |
| Purchase consideration | 1,265,547 |
| Cash of subsidiaries acquired | (348,529) |
| **Cash outflow on acquisition of subsidiaries** | 917,018 |

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$1,265,547,000. From the dates of acquisitions to March 31, 2009, the above-mentioned acquisitions contributed net profits (excluding negative goodwill on acquisition of subsidiaries) of US$8,252,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions have occurred on April 1, 2008, management estimates that consolidated revenue would have been US$350,968,000 and consolidated loss for the year would have been US$301,130,000.

(ii) The list of subsidiaries acquired during the year ended March 31, 2010 is as follows:

| Name of subsidiaries | Date acquired | Equity interest acquired % |
|---|---|---|
| Misato Two Pte Ltd | April 2009 | 100 |
| Misato Two Logistics SPC | April 2009 | 100 |
| GLP Guangzhou Warehousing Co., Ltd | April 2009 | 100 |

**Effects of acquisitions**

The cash flow and the net assets of subsidiaries acquired during the year ended March 31, 2010 are provided below:

| | Recognized values on acquisition US$'000 |
|---|---|
| Investment properties | 147,721 |
| Trade and other receivables | 4,115 |
| Cash and cash equivalents | 1,810 |
| Trade and other payables | (3,862) |
| Loans and borrowings | (42,567) |
| Deferred tax liabilities | (2,275) |
| Minority interests | (37,412) |
| Net assets acquired | 67,530 |
| Purchase consideration | 67,530 |
| Cash of subsidiaries acquired | (1,810) |
| **Cash outflow on acquisition of subsidiaries** | 65,720 |

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$67,530,000. From the dates of acquisitions to March 31, 2010, the above-mentioned acquisitions contributed net profit of US$20,371,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions have occurred on April 1, 2009, management estimates that consolidated revenue would have been US$408,245,000 and consolidated loss for the year would have been US$162,534,000.

**(b) Disposal of subsidiary**

(i) Details of subsidiary disposed during the year ended March 31, 2010 are as follows:

| Name of subsidiary | Date disposed | Equity interest disposed % |
|---|---|---|
| Shenzhen Yuanshengli Management Co., Ltd | August 2009 | 60 |

**Effects of disposal**

The cash flow and the net assets of the subsidiary disposed during the year ended March 31, 2010 are provided below:

| | Recognized values on disposal US$'000 |
|---|---|
| Jointly-controlled entities | 90,075 |
| Trade and other receivables | 13,100 |
| Cash and cash equivalents | 250 |
| Trade and other payables | (718) |
| Loans and borrowings | (34,962) |
| Minority interests | (27,565) |
| Net assets disposed | 40,180 |
| Disposal consideration | 12,500 |
| Cash of subsidiaries disposed | (250) |
| **Cash outflow on disposal of subsidiaries** | 12,250 |

From March 1, 2009 to date of disposal, the above subsidiary contributed net loss of US$1,174,000 to the Group's results for the year. The subsidiary did not record any revenue during the period.

## 24 Operating segments

The Group has two reportable segments, representing its operations in Japan and China, which are managed separately due to the different geographical locations. The Group's Chief Operating Decision Maker reviews internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Performance of each reportable segment is measured based on segment revenue and segment earnings before interest, income tax, and excluding changes in fair value of investment properties and net non-operating income/expenses relating to acquisition/liquidation/disposal of subsidiaries and jointly-controlled entities ("Adjusted EBIT"). Adjusted EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within the logistic industry. Segment assets and liabilities are presented net of inter-segment balances.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the Group's reportable segments is presented in the tables below.

## Information about reportable segments

| Group | PRC | | | Japan | | | Others | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
| *Revenue and expenses* | | | | | | | | | | | | |
| External revenue | - | 6,808 | 61,802 | - | 44,470 | 346,166 | - | - | - | - | 51,278 | 407,968 |
| Adjusted EBIT | - | 4,596 | 52,752 | 15,644 | (249,242) | 280,044 | (2) | (416) | 1,240 | 15,642 | (245,062) | 334,036 |
| Net interest expense | - | (897) | (9,890) | - | (6,189) | (49,926) | - | (1,288) | (5,577) | - | (8,374) | (65,393) |
| Changes in fair value of investment properties | - | | 89,932 | - | - | (458,938) | - | - | - | - | - | (369,006) |
| Net non-operating income/(expenses) relating to acquisition/liquidation/ disposal of subsidiaries and jointly-controlled entities | - | 287,911 | (27,680) | (273) | 2,317 | - | - | - | - | (273) | 290,228 | (27,680) |
| Profit/(Loss) before tax | - | 291,610 | 105,114 | 15,371 | (253,114) | (228,820) | (2) | (1,704) | (4,337) | 15,369 | 36,792 | (128,043) |
| Income tax expense | - | (711) | (33,315) | (1,918) | (3,722) | 11,678 | - | - | - | (1,918) | (4,433) | (21,637) |
| Profit/(Loss) after tax | - | 290,899 | 71,799 | 13,453 | (256,836) | (217,142) | (2) | (1,704) | (4,337) | 13,451 | 32,359 | (149,680) |

## Information about reportable segments

| Group | PRC 2008 US$'000 | PRC 2009 US$'000 | PRC 2010 US$'000 | Japan 2008 US$'000 | Japan 2009 US$'000 | Japan 2010 US$'000 | Others 2008 US$'000 | Others 2009 US$'000 | Others 2010 US$'000 | Total 2008 US$'000 | Total 2009 US$'000 | Total 2010 US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Assets and liabilities* | | | | | | | | | | | | |
| Investment properties | - | 1,061,933 | 1,269,533 | - | 5,312,515 | 5,259,440 | - | - | - | - | 6,374,448 | 6,528,973 |
| Jointly-controlled entities | - | 378,826 | 325,838 | 1,568,318 | - | 822 | - | - | (11,191) | 1,568,318 | 378,826 | 315,469 |
| Other segment assets | - | 227,229 | 222,201 | 77 | 219,515 | 330,738 | - | - | - | 77 | 446,744 | 552,939 |
| Reportable segment assets | - | 1,667,988 | 1,817,572 | 1,568,395 | 5,532,030 | 5,591,000 | - | - | (11,191) | 1,568,395 | 7,200,018 | 7,397,381 |
| Loans and borrowings | - | (162,601) | (268,359) | - | (2,655,508) | (2,798,621) | - | (313,600) | (313,600) | - | (3,131,709) | (3,380,580) |
| Other segment liabilities | - | (186,265) | (171,287) | (221,435) | (797,962) | (903,614) | (2) | (591,646) | (599,481) | (221,437) | (1,575,873) | (1,674,382) |
| Reportable segment liabilities | - | (348,866) | (439,646) | (221,435) | (3,453,470) | (3,702,235) | (2) | (905,246) | (913,081) | (221,437) | (4,707,582) | (5,054,962) |
| ***Other information*** | | | | | | | | | | | | |
| Depreciation and amortisation | - | (502) | (35) | - | (1,285) | (4,892) | - | - | - | - | (1,787) | (4,927) |
| Capital expenditure* | - | 920,220 | 127,453 | - | 361,907 | 73,862 | - | - | - | - | 1,282,127 | 201,315 |

* Capital expenditure includes acquisition and development expenditure of investment properties, acquisition of plant and equipment and interests in subsidiaries and jointly controlled entities.

## 25 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

### Risk management framework

The Group has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

### Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or a counterparty to meet its contractual obligations. Financial transactions are restricted to counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. In respect of trade receivables, the Group has guidelines governing the process of granting credit and outstanding balances are monitored on an ongoing basis. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and operates in a variety of markets.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2008<br>US$'000 | 2009<br>US$'000 | 2010<br>US$'000 |
|---|---|---|---|
| Loans and receivables | - | 119,874 | 107,995 |
| Financial derivative assets | - | 480 | 33 |
| Cash and cash equivalents | - | 311,397 | 412,021 |
| | - | 431,751 | 520,049 |

The maximum exposure to credit risk for financial assets at the reporting date by geographic region is as follows:

| | 2008<br>US$'000 | 2009<br>US$'000 | 2010<br>US$'000 |
|---|---|---|---|
| PRC | - | 219,616 | 205,113 |
| Japan | - | 212,135 | 314,936 |
| | - | 431,751 | 520,049 |

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains a level of cash and cash equivalents deemed adequate by management to meet the Group's working capital requirement. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

The Group's main sources of long-term funding have been capital contributions and loans and advances from the immediate holding company and related corporations and borrowings from financial institutions. The Group has in the past met its cash obligations requirements from such capital contributions, loans and advances and borrowings and also from cash flows generated from operating activities.

Following the completion of the reorganizations, certain loans and advances from the immediate holding company and related corporations would be converted into ordinary share capital, and consequently, the Group's borrowings would comprise mainly borrowings from financial institutions. Management believes that this will help to mitigate the Group's liquidity risk, improve its working capital and enhance the Group's ability to tap on additional borrowings from financial institutions to meet financing needs.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

| | | | Cash flows | | |
|---|---|---|---|---|---|
| | **Carrying amount US$'000** | **Contractual cash flows US$'000** | **Within 1 year US$'000** | **Within 1 to 5 Years US$'000** | **After 5 Years US$'000** |
| **2008** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | 2 | (2) | (2) | - | - |
| Amounts due to immediate holding company | 221,435 | (221,435) | (221,435) | - | - |
| | 221,437 | (221,437) | (221,437) | - | - |
| **2009** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Bank loans | 554,773 | (599,003) | (242,352) | (318,182) | (38,469) |
| Secured bonds | 2,576,936 | (2,671,692) | (271,870) | (2,399,822) | - |
| Trade and other payables* | 1,409,436 | (1,409,436) | (1,259,721) | (81,152) | (68,563) |
| | 4,541,145 | (4,680,131) | (1,773,943) | (2,799,156) | (107,032) |
| **Derivative financial assets/(liabilities)** | | | | | |
| Interest rate swaps | 28,280 | (33,833) | (11,572) | (22,261) | - |
| | 4,569,425 | (4,713,964) | (1,785,515) | (2,821,417) | (107,032) |

* Excludes advance rental received

| | Carrying amount US$'000 | Contractual cash flows US$'000 | ------------------ Cash flows ---------------- within 1 year US$'000 | within 1 to 5 Years US$'000 | After 5 Years US$'000 |
|---|---|---|---|---|---|
| **2010** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Bank loans | 675,404 | (742,219) | (197,297) | (454,599) | (90,323) |
| Secured bonds | 2,705,176 | (2,770,657) | (562,064) | (2,208,593) | - |
| Trade and other payables* | 1,472,855 | (1,472,855) | (1,348,148) | (44,921) | (79,786) |
| | 4,853,435 | (4,985,731) | (2,107,509) | (2,708,113) | (170,109) |
| **Derivative financial assets/(liabilities)** | | | | | |
| Interest rate swaps | 32,729 | (35,941) | (15,080) | (20,861) | - |
| | 4,886,164 | (5,021,672) | (2,122,589) | (2,728,974) | (170,109) |

* Excludes advance rental received

## Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## Currency risk

The Group operates in the PRC and Japan. Other than the respective functional currency of the Group's subsidiaries, the foreign currency when the Group has exposure to is the US Dollar.

The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group's exposures to foreign currency are as follows:

| | United States Dollar US$'000 |
|---|---|
| **2009** | |
| **Financial assets** | |
| Cash and cash equivalents | 39,177 |
| **Financial liabilities** | |
| Trade and other payables | (31,105) |
| **Net financial assets** | 8,072 |

| | United States Dollar US$'000 |
|---|---|
| **2010** | |
| **Financial assets** | |
| Cash and cash equivalents | 42,813 |
| **Financial liabilities** | |
| Trade and other payables | (261,313) |
| **Net financial liabilities** | (218,500) |

*Sensitivity analysis*

A 10% strengthening of US Dollar at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| US Dollar[(1)] | - | 807 | (21,850) |

(1) as compared to functional currency of Renminbi and Japanese Yen

A 10% weakening of US Dollar against the above currencies at the reporting date would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## Interest rate risk

The Group's interest rate risk arises primarily from the interest-earning financial assets and interest-bearing financial liabilities.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and variable rate borrowings. Where necessary, the Group hedges a portion of its interest rate exposure within the short to medium term by using interest rate derivatives

At the reporting date, the interest rate profile of interest-bearing financial liabilities are as follows:

| | Carrying amount US$'000 | Principal/notional amount US$'000 |
|---|---|---|
| **2009** | | |
| **Fixed rate instruments** | | |
| Loans and borrowings | (36,681) | (37,003) |
| **Variable rate instruments** | | |
| Loans and borrowings | (3,095,028) | (3,104,186) |
| Interest rate swaps (net) | (27,800) | 2,627,985 |
| | (3,122,828) | (476,201) |

| | Carrying amount US$'000 | Principal/notional amount US$'000 |
|---|---|---|
| **2010** | | |
| **Fixed rate instruments** | | |
| Loans and borrowings | (53,560) | (53,939) |
| **Variable rate instruments** | | |
| Loans and borrowings | (3,327,020) | (3,358,899) |
| Interest rate swaps (net) | (32,696) | 2,776,941 |
| | (3,359,716) | (581,958) |

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financials assets and liabilities at fair value through the profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | 100 bp Increase US$'000 | 100 bp Decrease US$'000 |
|---|---|---|
| **2009** | | |
| Loans and borrowings | (31,042) | 31,042 |
| Interest rate swap (net) | 26,280 | (26,280) |
| Cash flow sensitivity (net) | (4,762) | 4,762 |
| **2010** | | |
| Loans and borrowings | (33,589) | 33,589 |
| Interest rate swap (net) | 27,769 | (27,769) |
| Cash flow sensitivity (net) | (5,820) | 5,820 |

## Fair values

The carrying amounts of the Group financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2010, 2009 and 2008 except as follows:

| | Carrying amount 2008 US$'000 | Fair value 2008 US$'000 | Carrying amount 2009 US$'000 | Fair value 2009 US$'000 | Carrying amount 2010 US$'000 | Fair value 2010 US$'000 |
|---|---|---|---|---|---|---|
| **Liabilities carried at amortized cost** | | | | | | |
| Loans and borrowings | - | - | 3,131,709 | 3,141,188 | 3,380,580 | 3,412,838 |

The following methods and assumptions have been used to estimate the fair values of the Group's financial instruments:

*Financial derivatives*

The fair values of interest rate swaps are based on broker quotes.

*Loans and borrowings*

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

*Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine its fair values.

**Interest rates used for determining the fair value**

Interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

| | 2008<br>% | 2009<br>% | 2010<br>% |
|---|---|---|---|
| Loans and borrowings | - | 1.04 – 7.47 | 0.68 – 5.95 |

**Fair value hierarchy**

The Group's derivative financial instruments (Note 10), which are carried at fair value, are classified in Level 2 of the fair value hierarchy. The different levels have been defined as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities
- *Level 2:* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs)

## 26 Commitments

The Group had the following commitments as at the balance sheet date:

### (a) Operating lease commitments

### *(i) Operating lease rental payable*

Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Lease payments payable: | | | |
| - Within 1 year | - | 120 | 151 |
| - After 1 year but within 5 years | - | 23 | 79 |
| | - | 143 | 230 |

### *(ii) Operating lease rental receivable*

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Lease rentals receivable: | | | |
| - Within 1 year | - | 365,670 | 406,404 |
| - After 1 year but within 5 years | - | 1,127,602 | 1,199,157 |
| - After 5 years | - | 983,680 | 1,040,839 |
| | - | 2,476,952 | 2,646,400 |

### (b) Other commitments

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| Commitments in relation to share capital of subsidiaries not yet due and not provided for | - | 133,405 | 91,550 |
| Commitments in relation to share capital of subsidiaries due but not provided for | | 46,576 | 71,851 |
| Development expenditure contracted but not provided for | - | 67,521 | 91,204 |

## 27 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the combined financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 |
|---|---|---|---|
| **Jointly-controlled entities** | | | |
| Asset management fees paid/payable | - | (563) | (19,768) |
| Investment management fees paid/payable | - | - | (3,954) |
| Property management fees paid/payable | - | (135) | (1,417) |
| Development fees paid/payable* | - | (1,001) | (5,609) |
| **Associates of intermediate holding company** | | | |
| Operating lease expenses paid/payable | - | 1,391 | 3,145 |

* Capitalized in investment properties

## 28 Significant investments

The following are the Group's significant investments:

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group 2008 % | 2009 % | 2010 % |
|---|---|---|---|---|---|
| **Japan Logistic Properties 1 Private Limited** and its jointly-controlled entities/ subsidiaries: | Investment holding | Japan | 80[1] | 100 | 100 |
| Shinkiba Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Urayasa Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Shinsuna Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tatsumi Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Narita Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tokyo Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Urayasu Two Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tokai Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Fukusaki Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Narashino Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Hachioji Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Kazo Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Funabashi Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Osaka Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Yokohama Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Kasukabe Logistics SPC | Property investment | Japan | 80[1] | 100 | 100 |
| GLP Urayasu Two YK | Property management | Japan | 80[1] | 100 | 100 |
| **Japan Logistic Properties 2 Pte Ltd** and its jointly-controlled entities/ subsidiaries: | Investment holding | Japan | 80[1] | 100 | 100 |
| Amagasaki Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Amagasaki Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Sakai Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | | |
|---|---|---|---|---|---|
| | | | 2008 % | 2009 % | 2010 % |
| **Japan Logistic Properties 2 Pte Ltd (cont'd)** | | | | | |
| Cosmos SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Atsugi SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Fukaehama Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Funabashi Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Hayashima Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Hirakata Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Hirakata Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Seishin Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Koshigaya Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Maishima One Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Maishima Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Narashino Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Narita Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Hayashima Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Okegawa Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Misato Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Sendai Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Sugito Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tokyo Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tomiya Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tomisato Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Urayasu Three Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Sugito Two Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tosu One Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tsumori Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Iwatsuki SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Komaki Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Koriyama One Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Kiyama Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Akishima Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Yachiyo Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Hakozaki Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Tosu Five Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Koshigaya Three Logistic SPC | Property investment | Japan | 80[1] | 100 | 100 |
| Misato Two Logistic SPC | Property investment | Japan | - | - | 100 |
| **Japan Logistic Properties 3 Pte Ltd** and its jointly-controlled entities/ subsidiaries: | Investment holding | Japan | 80[1] | 100 | 100 |
| Azalea SPC | Property investment | Japan | 80 | 100 | 100 |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | | |
|---|---|---|---|---|---|
| | | | 2008 % | 2009 % | 2010 % |
| **CLH Limited** and its jointly-controlled entities/ subsidiaries: | Investment holding | Cayman Islands | 67[1] | 100 | 100 |
| GLP Pujin Development Co., Ltd | Property investment | PRC | - | 100 | 100 |
| Zhongbao Logistics Co., Ltd | Property investment | PRC | - | 100 | 100 |
| Shanghai GLP Chapu Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Puyun Warehousing Services Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Guangzhou Bonded Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Beijing Airport Logistics Development Co., Ltd | Property investment | PRC | - | 100 | 100 |
| GLP Foshan Logistics Co., Ltd | Property investment | PRC | - | 100 | 100 |
| GLP Hangzhou Logistics Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Shanghai Jiading Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Beijing Majuqiao Logistics Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Songjiang Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Shanghai Minhang GLP Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP (Qingdao) Airport International Logistics Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP (Qingdao) Qianwan Harbor International Logistics Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP (Qingdao) JiaoNan International Logistics Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Nanjing Jiangning Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP (Guangzhou) Baopu Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Jiaxing Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Chongqing Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Wuxi Logistics Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Fengmin Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP (Tianjin) Industry Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Chenghua Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Changsha Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Fengjia Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Fengsong Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Ningbo Gangrui Warehousing Co., Ltd. | Property investment | PRC | - | 100 | 100 |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | | |
|---|---|---|---|---|---|
| | | | 2008 % | 2009 % | 2010 % |
| **CLH Limited (cont'd)** | | | | | |
| Ningbo Haichuang Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Xujing Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Pushun Logistics Park Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Qingdao Shuangyi Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Tianjin Puqing Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP (Ningbo Beilun) Warehousing Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Jiashan Pujia Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Pumin Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Taicang Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Chengdu Hi-Tech Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Pujiang Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Shanghai Puchuan Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Wanqing Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Jiangsu Beisheng Technology Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Luoxin Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| Beijing Jingcai Warehousing Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Laogang Development Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Guangzhou Warehousing Co., Ltd. | Property investment | PRC | - | - | 100 |
| Kunshan GLP Dianshanhu Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| GLP Puting Logistics Co., Ltd. | Property investment | PRC | - | 100 | 100 |
| High-Tech Base (Shanghai) Machinery Co., Ltd. | Property investment | PRC | - | 90 | 100 |
| GLP Tianjin Development Co., Ltd. | Property investment | PRC | - | 80 | 80 |
| Beijing City Power Warehousing Co., Ltd. | Property investment | PRC | - | 70 | 70 |
| Zhuhai GLP — Gree Logistics Development Co., Ltd. | Property investment | PRC | - | 70 | 70 |
| Dalian GLP — Jifa Development Co., Ltd. | Property investment | PRC | - | 60 | 60 |
| Shen Yang GLP Jifa Logistics Development Co., Ltd. | Property investment | PRC | - | 60 | 60 |
| SZITIC Shenzhen Commercial Property Co., Ltd. | Property investment | PRC | - | 51 | 51 |
| GLP Kunshan Puqiao Logistics Co., Ltd | Property investment | PRC | - | 100 | 100 |
| Shenzhen Yuanshengli Management Co., Ltd | Investment holding | PRC | - | 60 | -[2] |
| Guangzhou Anhua Logistics Co., Ltd | Property investment | PRC | - | 100 | -[3] |
| GLP (Wuhan) Dongxihu Logistics Park Development Co., Ltd | Property investment | PRC | - | 70 | -[3] |
| GLP Suzhou Development Co., Ltd. | Property investment | PRC | - | 50[4] | 50[4] |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | | |
|---|---|---|---|---|---|
| | | | 2008 % | 2009 % | 2010 % |
| **CLH Limited (cont'd)** | | | | | |
| Shanghai Lingang GLP International Logistics Development Co., Ltd. | Property investment | PRC | - | 50[4] | 50[4] |
| Shenzhen GLP — Yantian Port Logistics Co., Ltd. | Property investment | PRC | - | 50[4] | 50[4] |
| Shanghai Lingang GLP Warehousing & Logistics Development Co., Ltd. | Property investment | PRC | - | 50[4] | 50[4] |
| Suzhou GLP Wangting Development Co., Ltd. | Property investment | PRC | - | 50[4] | 50[4] |
| Suzhou Industrial Park Genway Factory Building Industrial Development Co., Ltd | Property investment | PRC | - | 50[4] | 50[4] |
| Suzhou Industrial Park Sucai Property Co., Ltd | Property investment | PRC | - | 50[4] | 50[4] |
| Suzhou Industrial Park Genway Factory Property Management Co., Ltd | Property investment | PRC | - | 50[4] | 50[4] |
| **Global Logistic Properties Holdings Limited** and its subsidiaries: | Investment holding and property management | Cayman Islands | - | 50[4] | 50[4] |
| Global Logistic Properties Investment Management (China) Co., Ltd | Property management | PRC | - | 50[4] | 50[4] |
| Global Logistic Properties Inc. | Property management | Japan | - | 50[4] | 50[4] |
| Global Logistic Properties Suzhou Share Service Co., Ltd. | Property management | PRC | - | 50[4] | 50[4] |

Note:

(1) Jointly-controlled entities of the Group, and thus, equity-accounted by the Group during the year ended March 31, 2008.

(2) Disposed during the year ended March 31, 2010.

(3) Liquidated during the year ended March 31, 2010.

(4) Jointly-controlled entities of the Group, and thus, equity-accounted by the Group during the year ended March 2009 and 2010.

Certain of the above subsidiaries incorporated in Japan have issued preference shares to third parties with terms disclosed in Note 14.

## 29 Subsequent events

(a) On August 2, 2010, the Group entered into a framework agreement with a third party to acquire a 53.1% equity interest in Airport City Development Co., Ltd. ("Target Company"), a company that owns strategically located assets in a first-tier city in China, at a consideration to be determined by the net asset value of the Target Company, which is estimated to be approximately US$335.0 million. 70% of the consideration would be satisfied by the issue of new shares and 30% of the consideration would be satisfied in cash. The consummation of the acquisition is subject to a number of conditions, including satisfactory due diligence of the target property and sellers, successful negotiation and entry into a sale and purchase agreement and successful consummation of the Offering and is not expected to have any financial effects on the Group for the years ended March 31, 2008, 2009 and 2010.

In addition, the Target Company is required to dispose of a certain subsidiary before closing of the transaction. As this asset will not form part of the sale and purchase, the Group is required to repay approximately US$86.0 million, which represents the Group's attributable portion of the sale proceeds to be derived from the disposal. This payment would be satisfied in cash.

(b) On August 27, 2010, the Group's external bank loans amounting to US$313.6 million, were novated to a related corporation, with an accompanying increase in interest-free intercompany advances.

(c) On September 27, 2010, as mentioned in Note 2, the Company entered into a master restructuring agreement pursuant to which,:

i) each of the ordinary shares in the capital of the Company were sub-divided into 183,036,000 shares via a share split, and allotted to the immediate holding company;

ii) 1,377,286,000 new ordinary shares in the capital of the Company will be issued and allotted to the Company's related corporations to effect the Japan Reorganization and the GLPH Reorganization; and

iii) 189,853,000 new ordinary shares in the capital of the Company will be issued and allotted, as purchase consideration to effect the GLPH Acquisition.

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## APPENDIX J
## INDEPENDENT AUDITORS' REPORT ON THE INTERIM COMBINED FINANCIAL STATEMENTS

The Board of Directors
Global Logistic Properties Limited
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Dear Sirs

**Letter from the Independent Auditors on the Interim Combined Financial Statements**

*Introduction*

We have reviewed the combined balance sheet of Global Logistic Properties Limited (the "Company") and its subsidiaries (the "Group") as at June 30, 2010, the related combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the three-month periods ended June 30, 2009 and 2010 and certain explanatory notes as set out in Appendix K (the "Unaudited Interim Combined Financial Statements"). We have audited the combined financial statements of the Group for the years ended March 31, 2008, 2009 and 2010 in accordance with Singapore Standards on Auditing and have issued our report thereon on September 27, 2010. The combined balance sheet of the Group as at March 31, 2010, which has been presented herein for comparative purpose, is a component of those combined financial statements. The management of the Company is responsible for the preparation and presentation of these Unaudited Interim Combined Financial Statements in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these Unaudited Interim Combined Financial Statements based on our review.

*Scope of review*

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Interim Combined Financial Statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

This report has been prepared for inclusion in the Prospectus of the Company in connection with the initial public offering of the shares of the Company.

**KPMG LLP**
*Public Accountants and*
*Certified Public Accountants*
Singapore

Eng Chin Chin
Partner-in-charge

September 27, 2010, except for Note 26 Subsequent events, as to which the date is October 11, 2010

# APPENDIX K

## UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS
## FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2009 AND 2010

## Unaudited Interim Combined Balance Sheets
## As at June 30, 2010 and March 31, 2010

| | Note | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | 3 | 7,258,553 | 6,528,973 |
| Jointly-controlled entities | 4 | 355,878 | 315,469 |
| Deferred tax assets | 5 | 14,846 | 20,232 |
| Plant and equipment | | 98 | 75 |
| Other non-current assets | 6 | 15,152 | 17,351 |
| | | 7,644,527 | 6,882,100 |
| **Current assets** | | | |
| Trade and other receivables | 7 | 119,385 | 103,227 |
| Financial derivative assets | 8 | - | 33 |
| Cash and cash equivalents | 9 | 405,590 | 412,021 |
| | | 524,975 | 515,281 |
| **Total assets** | | 8,169,502 | 7,397,381 |
| **Equity attributable to equity holder of the Company** | | | |
| Share capital | 10 | * | * |
| Reserves | 11 | 2,081,213 | 1,566,222 |
| | | 2,081,213 | 1,566,222 |
| **Minority interests** | 12 | 817,092 | 776,197 |
| **Total equity** | | 2,898,305 | 2,342,419 |
| **Non-current liabilities** | | | |
| Loans and borrowings | 13 | 3,018,965 | 2,664,831 |
| Deferred tax liabilities | 5 | 188,167 | 135,192 |
| Other non-current liabilities | 14 | 127,571 | 124,707 |
| | | 3,334,703 | 2,924,730 |
| **Current liabilities** | | | |
| Loans and borrowings | 13 | 521,155 | 715,749 |
| Trade and other payables | 15 | 1,378,939 | 1,380,206 |
| Financial derivative liabilities | 8 | 32,428 | 32,729 |
| Current tax payable | | 3,972 | 1,548 |
| | | 1,936,494 | 2,130,232 |
| **Total liabilities** | | 5,271,197 | 5,054,962 |
| **Total equity and liabilities** | | 8,169,502 | 7,397,381 |

* Less than US$1,000

The accompanying notes form an integral part of these unaudited interim combined financial statements.

**Unaudited Interim Combined Income Statements**
**Three-month periods ended June 30, 2009 and 2010**

| | Note | Three-month period ended June 30, 2010 US$'000 | Three-month period ended June 30, 2009 US$'000 |
|---|---|---|---|
| Revenue | 16 | 110,941 | 96,410 |
| Management fees | | (7,619) | (4,940) |
| Property-related expenses | | (14,820) | (13,092) |
| Other expenses | | (4,264) | (6,432) |
| | | 84,238 | 71,946 |
| Share of results (net of income tax) of jointly-controlled entities | | 38,956 | 6,143 |
| **Profit from operating activities after share of results of jointly-controlled entities** | | 123,194 | 78,089 |
| Net finance costs | 17 | (6,741) | (18,552) |
| **Profit before changes in fair value of investment properties** | | 116,453 | 59,537 |
| Changes in fair value of investment properties | | 441,828 | (70,866) |
| **Profit/(Loss) before income tax** | 18 | 558,281 | (11,329) |
| Income tax expense | 19 | (57,725) | (7,458) |
| **Profit/(Loss) for the period** | | 500,556 | (18,787) |
| **Profit/(Loss) attributable to:** | | | |
| Equity holder of the Company | | 488,039 | (28,742) |
| Minority interests | | 12,517 | 9,955 |
| **Profit/(Loss) for the year** | | 500,556 | (18,787) |
| **Earnings/(Loss) per share (cents)** | | | |
| - Basic and diluted | 20 | 27.99 | (1.65) |

The accompanying notes form an integral part of these
unaudited interim combined financial statements.

**Unaudited Interim Combined Statements of Comprehensive Income**
**Three-month periods ended 30 June, 2009 and 2010**

| | Three-month period ended 30 June 2010 US$'000 | Three-month period ended 30 June 2009 US$'000 |
|---|---|---|
| **Profit/(loss) for the period** | 500,556 | (18,787) |
| **Other comprehensive income** | | |
| Foreign currency translation differences for foreign operations | 103,848 | 34,152 |
| **Other comprehensive income for the year, net of income tax** | 103,848 | 34,152 |
| **Total comprehensive income for the year** | 604,404 | 15,365 |
| **Attributable to:** | | |
| Owners of the Company | 559,741 | (6,332) |
| Minority interests | 44,663 | 21,697 |
| **Total comprehensive income for the year** | 604,404 | 15,365 |

The accompanying notes form an integral part of these unaudited interim combined financial statements.

## Combined statements of changes in equity
## Three-month periods ended June 30, 2009 and 2010

| | Share capital US$'000 | Capital reserve US$'000 | Currency translation reserve US$'000 | Other reserve US$'000 | Retained earnings US$'000 | Total US$'000 | Minority interests US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|
| At April 1, 2009 | * | 89,876 | 74,124 | 1,040,102 | 542,382 | 1,746,484 | 745,952 | 2,492,436 |
| **Total comprehensive income for the period** | | | | | | | | |
| Loss for the period | - | - | - | - | (28,742) | (28,742) | 9,955 | (18,787) |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | 22,410 | - | - | 22,410 | 11,742 | 34,152 |
| **Total comprehensive income for the period** | - | - | 22,410 | - | (28,742) | (6,332) | 21,697 | 15,365 |
| **Transactions with owners, recorded directly in equity Contributions by and distributions to owners** | | | | | | | | |
| Capital contribution | - | 1,000 | - | - | - | 1,000 | - | 1,000 |
| Transfer to reserves | - | 576 | - | - | (576) | - | - | - |
| Acquisition of subsidiaries | - | - | - | - | - | - | 37,412 | 37,412 |
| Tax-exempt dividends paid | - | - | - | - | - | - | (4,452) | (4,452) |
| At June 30, 2009 | * | 91,452 | 96,534 | 1,040,102 | 513,064 | 1,741,152 | 800,609 | 2,541,761 |

* Less than US$1,000

The accompanying notes form an integral part of these unaudited interim combined financial statements.

| | Share capital US$'000 | Capital reserve US$'000 | Currency translation reserve US$'000 | Other reserve US$'000 | Retained earnings US$'000 | Total US$'000 | Minority interests US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|
| At April 1, 2010 | * | 83,036 | 142,255 | 1,040,102 | 300,829 | 1,566,222 | 776,197 | 2,342,419 |
| **Total comprehensive income for the period** | | | | | | | | |
| Profit for the period | - | - | - | - | 488,039 | 488,039 | 12,517 | 500,556 |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | 71,702 | - | - | 71,702 | 32,146 | 103,848 |
| **Total comprehensive income for the period** | - | - | 71,702 | - | 488,039 | 559,741 | 44,663 | 604,404 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | |
| Capital contribution | - | - | - | - | - | - | 304 | 304 |
| Acquisition of subsidiaries | - | - | - | - | - | - | 633 | 633 |
| Tax-exempt dividends paid | - | - | - | - | (44,750) | (44,750) | (4,705) | (49,455) |
| At June 30, 2010 | * | 83,036 | 213,957 | 1,040,102 | 744,118 | 2,081,213 | 817,092 | 2,898,305 |

* Less than US$1,000

The accompanying notes form an integral part of these unaudited interim combined financial statements.

**Unaudited Interim Combined Statements of Cash Flows**
**Three-month periods ended June 30, 2009 and 2010**

| | Note | Three-month period ended June 30, 2010 US$'000 | Three-month period ended June 30, 2009 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(Loss) before income tax | | 558,281 | (11,329) |
| Adjustments for: | | | |
| Amortization of transaction costs of bonds | | 1,430 | 1,141 |
| Depreciation of plant and equipment | | 9 | 9 |
| Share of results of jointly-controlled entities | | (38,956) | (6,143) |
| Changes in fair value of investment properties | | (441,828) | 70,866 |
| Changes in fair value of financial derivatives | | (1,690) | 5,388 |
| Reversal of impairment loss/(impairment loss) on loans and receivables | | (32) | 46 |
| Interest income | | (235) | (428) |
| Interest expense | | 17,003 | 15,671 |
| | | 93,982 | 75,221 |
| Changes in working capital: | | | |
| Trade and other receivables | | (15,072) | (12,506) |
| Trade and other payables | | (12,317) | (58,903) |
| Cash generated from operations | | 66,593 | 3,812 |
| Income tax paid | | (426) | (320) |
| **Net cash from operating activities** | | 66,167 | 3,492 |
| **Cash flows from investing activities** | | | |
| Acquisition of subsidiaries, net of cash acquired | 21 | 309 | (65,720) |
| Development expenditure on investment properties | | (21,818) | (14,796) |
| Purchase of plant and equipment | | (31) | - |
| Interest income received | | 235 | 428 |
| **Net cash used in investing activities** | | (21,305) | (80,088) |

The accompanying notes form an integral part of these
unaudited interim combined financial statements.

| | Note | Three-month period ended 30 June 2010 US$'000 | Three-month period ended 30 June 2009 US$'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Capital contribution from minority interests | | 304 | - |
| Proceeds of loans and advances from immediate holding company | | 38,284 | 1,076 |
| Proceeds from bank loans | | 181,578 | 115,854 |
| Repayment of bank loans | | (34,986) | (9,745) |
| Proceeds from issue of bonds | | 108,260 | - |
| Redemption of bonds | | (223,491) | - |
| Deposits pledged | | - | 7,250 |
| Interest expense paid | | (17,011) | (15,694) |
| Dividends paid | | (114,633) | (4,452) |
| **Net cash (used in)/from financing activities** | | (61,695) | 94,289 |
| **Net (decrease)/increase in cash and cash equivalents** | | (16,833) | 17,693 |
| Cash and cash equivalents at beginning of period | | 412,021 | 304,147 |
| Effect of exchange rate changes on cash balances held in foreign currencies | | 10,402 | 6,160 |
| Cash and cash equivalents at end of period | 9 | 405,590 | 328,000 |

## *Significant Non-Cash Transactions*

During the three-month period ended June 30, 2009, each of the equity holders of a jointly-controlled entity, Global Logistic Properties Holdings Limited contributed capital of US$1,000,000 to the entity.

The accompanying notes form an integral part of these unaudited interim combined financial statements.

## Notes to the unaudited interim combined financial statements

These notes form an integral part of the unaudited interim combined financial statements.

## 1 Summary of significant accounting policies

1.1 Basis of preparation

The unaudited interim combined financial statements of Global Logistic Properties Limited (the "Company") and its subsidiaries (collectively, the "Group") have been prepared on a condensed basis in accordance with the International Financial Reporting Standards 34 *Interim Financial Reporting*.

The unaudited interim combined financial statements, which do not include all of the information required for full annual financial statements, should be read in conjunction with the last issued combined financial statements of the Group as at and for the year ended March 31, 2008, 2009 and 2010, which is included in the Prospectus of the Company.

Except as described below, the accounting policies applied by the Group in these condensed combined interim financial statements are the same as those applied by the Group in its combined financial statements as at and for the year ended March 31, 2008, 2009 and 2010.

***Accounting for business combinations***

From April 1, 2010, the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively.

For acquisitions on or after April 1, 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognized amount of the identifiable net assets of the acquiree, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

## 2 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## 3 Investment properties

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| At April 1 | 6,528,973 | 6,374,448 |
| Additions | 26,649 | 117,856 |
| Disposals | - | (9,860) |
| Acquisition of subsidiaries | 323 | 147,721 |
| Borrowing cost capitalized | 8 | 168 |
| Development fees capitalized | 3,968 | 5,609 |
| Changes in fair value | 441,828 | (369,006) |
| Translation differences | 256,804 | 262,037 |
| | 7,258,553 | 6,528,973 |
| ***Comprising:*** | | |
| Completed investment properties | 6,784,946 | 6,187,031 |
| Investment properties under re-development | 117,880 | 33,191 |
| Properties under development | 115,879 | 79,834 |
| Land held for development | 239,848 | 228,917 |
| | 7,258,553 | 6,528,973 |

Investment properties with carrying value totalling approximately US$6,585,005,000 as at June 30, 2010 (March 31, 2010: US$5,807,046,000) were mortgaged to banks and bondholders to secure credit facilities for the Group (Note 13).

In determining fair value, a combination of approaches were used, including the direct comparison, income capitalization and discounted cash flow approach. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalization approach capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The range of yields applied to the net annual rentals to determine the fair value of properties under the discounted cash flow approach is as follows:

| | June 30, 2010 % | March 31, 2010 % |
|---|---|---|
| PRC | 6.50 - 7.00 | 6.50 - 7.50 |
| Japan | 5.25 - 8.50 | 5.11 - 9.46 |

The fair value of investment properties assessed by independent valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued as at June 30, 2010 were US$7,258,553,000 (March 31, 2010: US$6,528,973,000).

## 4 Jointly-controlled entities

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Interests in jointly-controlled entities | 355,878 | 315,469 |

See Note 24 for details of significant jointly-controlled entities.

The following amounts represent the Group's proportionate share of results, assets and liabilities of the jointly-controlled entities:

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| **Assets and liabilities** | | |
| Non-current assets | 534,127 | 449,393 |
| Current assets | 73,258 | 96,824 |
| Total assets | 607,385 | 546,217 |
| Non-current liabilities | (182,956) | (131,143) |
| Current liabilities | (68,551) | (99,605) |
| Total liabilities | (251,507) | (230,748) |
| Capital commitments in relation to interests in jointly-controlled entities | 7,165 | 7,165 |
| Proportionate interest in jointly-controlled entities' commitments | 75,220 | 153,993 |

| | Three-Month Period Ended June 30, 2010 US$'000 | Three-Month Period Ended June 30, 2009 US$'000 |
|---|---|---|
| **Results** | | |
| Income | 58,597 | 19,806 |
| Expenses | (19,641) | (13,663) |
| Profit for the year | 38,956 | 6,143 |

## 5 Deferred tax

| | Assets US$'000 | Liabilities US$'000 |
|---|---|---|
| **March 31, 2010** | | |
| Unutilized tax losses | 7,128 | - |
| Investment properties | 11,479 | (134,433) |
| Interest rate swaps | 1,625 | - |
| Others | - | (759) |
| Total | 20,232 | (135,192) |
| **June 30, 2010** | | |
| Unutilized tax losses | 7,508 | - |
| Investment properties | 5,721 | (187,680) |
| Interest rate swaps | 1,617 | - |
| Others | - | (487) |
| Total | 14,846 | (188,167) |

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Deferred tax assets | 14,846 | 20,232 |
| Deferred tax liabilities | (188,167) | (135,192) |

## 6 Other non-current assets

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Trade receivables | 10,339 | 12,894 |
| Prepayments | - | 1,586 |
| Others | 4,813 | 2,871 |
| | 15,152 | 17,351 |

Trade receivables comprise non-current rent receivables. Management has assessed that no allowance for impairment losses is required in respect of the Group's non-current rent receivables.

## 7 Trade and other receivables

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Trade receivables | 13,352 | 9,657 |
| Impairment losses | (84) | (117) |
| Net trade receivables | 13,268 | 9,540 |
| Amounts due from related corporations: | | |
| - trade | 40 | 673 |
| - non-trade (interest-free) | - | 38 |
| Loans to minority interests | 1,272 | 974 |
| Notes receivable from related corporations | 30,615 | 30,615 |
| | 31,927 | 32,300 |
| Deposits | 36,471 | 50,089 |
| Other receivables | 17,452 | 3,702 |
| Impairment losses | (527) | (530) |
| | 16,925 | 3,172 |
| Prepayments | 20,794 | 8,126 |
| | 119,385 | 103,227 |

All non-trade balances are interest-free, unsecured and repayable on demand.

As at June 30, 2010, deposits include an amount of US$36,157,000 (March 31, 2010: US$47,577,000) in relation to the acquisition of new investments. Other receivables comprise principally interest receivables and other recoverables.

The effective interest rate of notes receivable from related corporations as at June 30, 2010 and March 31, 2010 are 1.35% and 1.23% respectively

Loan to minority interests are interest-bearing, unsecured and repayable on demand. The effective interest rate of loans to minority interests as at June 30, 2010 and March 31, 2010 are 4.0% per annum.

## 8 Financial derivatives

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| **Financial derivative assets** | | |
| Interest rate swaps | - | 33 |
| **Financial derivative liabilities** | | |
| Interest rate swaps | 32,428 | 32,729 |

## 9 Cash and cash equivalents

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Fixed deposits with financial institutions | 7,650 | 100,300 |
| Cash at banks | 397,940 | 311,721 |
| Cash and cash equivalents | 405,590 | 412,021 |

The effective interest rates relating to fixed deposits with financial institutions at the balance sheet date ranged from 0.04% to 1.71% (March 31, 2010: 0.04% to 0.66%) per annum. Interest rates reprice at intervals of one to twelve months.

## 10 Share capital

| | June 30, 2010 No. of shares '000 | March 31, 2010 No. of shares '000 |
|---|---|---|
| **Fully paid ordinary shares, with no par value:** | | |
| At April 1 | * | * |
| Issue of shares | * | * |
| At June 30/March 31 | * | * |

* Less than 1,000 shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 11 Reserves

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Capital reserve | 83,036 | 83,036 |
| Currency translation reserve | 213,957 | 142,255 |
| Other reserve | 1,040,102 | 1,040,102 |
| Retained earnings | 744,118 | 300,829 |
| | 2,081,213 | 1,566,222 |

Capital reserve comprises mainly capital contributions from the immediate holding company and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Subsidiaries incorporated in the PRC are required by the Foreign Enterprise Law to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities.

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and jointly-controlled entities.

Other reserve comprises the share capital of entities under common control that were acquired as part of the Japan Reorganization and GLPH Reorganization.

## 12 Minority interests

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Preferred equity | 729,643 | 697,856 |
| Share of net assets of minority shareholders | 87,449 | 78,341 |
| | 817,092 | 776,197 |

Preferred equity relates to the preference shares issued by certain subsidiaries of JLP 1, JLP 2 and JLP 3, net of transaction costs and cumulative dividends payable to holders of these preference shares.

The holders of the preference shares are entitled to a dividend that would be paid on a cumulative and non-participation basis at an amount ranging from 2.0% to 4.0% (March 31, 2010: 2.0% to 4.0%) per annum of the principal value of the preference shares. The preference shares are redeemable and dividends are payable only at the discretion of the subsidiaries. The preference shareholders' residual interest in the subsidiaries is limited to the principal amount of the preference shares.

Share of net assets of minority shareholders pertains to minority shareholders of the Group's subsidiaries in the PRC.

## 13 Loans and borrowings

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Secured bank loans | 427,436 | 304,549 |
| Secured bonds | 2,388,335 | 2,172,728 |
| Unsecured bank loans | 203,194 | 187,554 |
| | 3,018,965 | 2,664,831 |
| **Current liabilities** | | |
| Secured bank loans | 52,356 | 35,605 |
| Secured bonds | 321,087 | 532,448 |
| Unsecured bank loans | 147,712 | 147,696 |
| | 521,155 | 715,749 |

### (a) Bank loans

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of US$1,174,065,000 (March 31, 2010: US$709,210,000) (Note 3).

The effective interest rates for bank borrowings (taking into account the effects of interest rate swaps) ranged from 0.93% to 5.94% (March 31, 2010: 0.68% to 5.95%) per annum.

Maturity of bank loans:

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Within 1 year | 200,068 | 183,301 |
| From 1 to 5 years | 524,387 | 408,865 |
| After 5 years | 106,243 | 83,238 |
| After 1 year | 630,630 | 492,103 |
| | 830,698 | 675,404 |

Analysis of bank loans by geographic regions:

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| PRC | 305,770 | 268,359 |
| Japan | 211,328 | 93,445 |
| Singapore | 313,600 | 313,600 |
| | 830,698 | 675,404 |

**(b) Details of secured bonds**

The bonds are issued by certain subsidiaries in Japan and are fully secured by investment properties with carrying amounts of US$5,410,940,000 (March 31, 2010: US$5,097,836,000) (Note 3) owned by these subsidiaries.

The effective interest rates for secured bonds (taking into account the effects of interest rate swaps) ranged from 1.11% to 2.67% (March 31, 2010: 1.04% to 2.67%) per annum.

Maturity of secured bonds:

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Within 1 year | 321,087 | 532,448 |
| From 1 to 5 years | 2,388,335 | 2,172,728 |
| | 2,709,422 | 2,705,176 |

## 14 Other non-current liabilities

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Security deposits received | 115,821 | 113,004 |
| Payable for acquisition of investment properties | 11,750 | 11,703 |
| | 127,571 | 124,707 |

## 15 Trade and other payables

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Trade payables | 38,909 | 70,589 |
| Accruals | 13,600 | 14,803 |
| Advance rental received | 33,772 | 32,058 |
| Security deposits received | 10,701 | 11,170 |
| Amounts due to: | | |
| - immediate holding company (non-trade) | 637,288 | 599,004 |
| - related corporations (trade) | 9,684 | 5,889 |
| - related corporations (non-trade) | 576,030 | 563,425 |
| Dividends payable | - | 64,810 |
| Other payables | 58,955 | 18,458 |
| | 1,378,939 | 1,380,206 |

The amounts due to immediate holding company and related corporations are unsecured, interest-free and are repayable on demand.

Accruals include accrued operating and development expenditure. Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

## 16 Revenue

| | Three-month period ended June 30, 2010 US$'000 | Three-month period ended June 30, 2009 US$'000 |
|---|---|---|
| Rental and related income | 110,941 | 96,410 |

## 17 Net finance costs

| | Three-month period ended June 30, 2010 US$'000 | Three-month period ended June 30, 2009 US$'000 |
|---|---|---|
| Interest income on: | | |
| - Fixed deposits | 82 | 175 |
| - Minority interests | 12 | - |
| - Others | 141 | 253 |
| Foreign exchange gain | 9,767 | 3,220 |
| Finance income | 10,002 | 3,648 |
| Amortization of transaction costs of bonds | (1,430) | (1,141) |
| Interest expenses on: | | |
| - Bonds | (11,911) | (11,087) |
| - Bank loans | (5,100) | (4,607) |
| Total borrowing costs | (18,441) | (16,835) |
| Less: Borrowing costs capitalized in investment properties | 8 | 23 |
| Net borrowing costs | (8,431) | (13,164) |
| Changes in fair value of financial derivatives | 1,690 | (5,388) |
| Net finance costs recognized in profit or loss | (6,741) | (18,552) |

## 18 Profit/(Loss) before income tax

The following items have been included in arriving at profit/(loss) before income tax:

| | Three-month period ended June 30, 2010 US$'000 | Three-month period ended June 30, 2009 US$'000 |
|---|---|---|
| Staff costs | (194) | (235) |
| Contributions to defined contribution plans, included in staff costs | (44) | (53) |
| Depreciation of plant and equipment | (9) | (9) |
| Operating expenses arising from investment properties # | (21,249) | (18,266) |
| Reversal of impairment loss/(Impairment loss) on trade and other receivables | 32 | (46) |
| Operating lease expense | (29) | (29) |
| Management fees: | | |
| - Asset management | (5,767) | (4,634) |
| - Investment management | (1,383) | - |
| - Property management | (468) | (305) |

#: include staff costs, asset and property management fees and property-related expenses

## 19 Income tax expense

| | Three-month period ended June 30, 2010 US$'000 | Three-month period ended June 30, 2009 US$'000 |
|---|---|---|
| **Current tax** | | |
| Current year | 362 | 155 |
| Withholding tax | 2,488 | 2,248 |
| | 2,850 | 2,403 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | 54,875 | 5,055 |
| | 57,725 | 7,458 |
| **Reconciliation of expected to actual income taxes** | | |
| Profit/(Loss) before income tax | 558,281 | (11,329) |
| Less: Share of results of jointly-controlled entities | (38,956) | (6,143) |
| Profit before share of results of jointly-controlled entities and income tax | 519,325 | (17,472) |
| Income tax expense/(benefit) using Singapore tax rate of 17% (June 30, 2009: 17%) | 88,285 | (2,970) |
| Effect of tax rates in foreign jurisdictions | (32,242) | 7,121 |
| Net income not subject to tax | (1,695) | (701) |
| Non-deductible expenses | 616 | 63 |
| Deferred tax assets not recognized | 273 | 1,705 |
| Withholding tax on dividend income from foreign subsidiaries | 2,488 | 2,248 |
| Others | - | (8) |
| | 57,725 | 7,458 |

## 20 Earnings/(Loss) per share

The basic earnings/(loss) per share for the three-month period ended June 30, 2010 and June 30, 2009 was based on the profit/(loss) attributable to ordinary shareholder of US$488,039,000 and US$(28,742,000) respectively and a weighted average number of ordinary shares outstanding of 1,743,357,000 and 1,743,357,000 respectively, calculated as follows:

| | Three-month period ended June 30, 2010 US$'000 | Three-month period ended June 30, 2009 US$'000 |
|---|---|---|
| Profit/(Loss) attributable to ordinary Shareholders | 488,039 | (28,742) |

**Weighted average number of shares**

| | Number of shares June 30, 2010 ('000) | Number of shares June 30, 2009 ('000) |
|---|---|---|
| Issued ordinary shares at April 1 | * | * |
| Sub-division of ordinary shares, via share split | 366,071 | 366,071 |
| Issue of ordinary shares for the acquisition of entities under common control | 1,377,286 | 1,377,286 |
| Weighted average number of shares at June 30 | 1,743,357 | 1,743,357 |

** Comprising 2 ordinary shares*

For purposes of preparing the unaudited interim combined financial statements, the weighted average number of shares as at June 30, 2009 and 2010 includes the estimated shares issued to effect the acquisition of interests in common control entities pursuant to the Japan Reorganization and GLPH Reorganization, on the basis that the transfers had taken effect as of April 1, 2007.

There were no potential dilutive ordinary shares in existence for the periods ended June 30, 2009 and 2010.

## 21 Notes to the combined statements of cash flows

### (a) Acquisition of subsidiaries

(i) The list of subsidiaries acquired during the period ended June 30, 2009 is as follows:

| Name of subsidiaries | Date acquired | Equity interest acquired % |
|---|---|---|
| Misato Two Pte Ltd | April 2009 | 100 |
| Misato Two Logistics SPC | April 2009 | 100 |
| GLP Guangzhou Warehousing Co., Ltd | April 2009 | 100 |

**Effects of acquisitions**

The cash flow and the net assets of subsidiaries acquired during the period ended June 30, 2009 are provided below:

| | Recognized values on acquisition US$'000 |
|---|---|
| Investment properties | 147,721 |
| Trade and other receivables | 4,115 |
| Cash and cash equivalents | 1,810 |
| Trade and other payables | (3,862) |
| Loans and borrowings | (42,567) |
| Deferred tax liabilities | (2,275) |
| Minority interests | (37,412) |
| Net assets acquired | 67,530 |
| | |
| Purchase consideration | 67,530 |
| Cash of subsidiaries acquired | (1,810) |
| **Cash outflow on acquisition of subsidiaries** | 65,720 |

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$67,530,000. From the dates of acquisitions to June 30, 2009, the above-mentioned acquisitions contributed net profit of US$15,151,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions have occurred on April 1, 2009, management estimates that consolidated revenue would have been US$96,674,000 and consolidated loss for the three-month period would have been US$31,041,000.

The list of subsidiaries acquired during the period ended June 30, 2010 is as follows:

| Name of subsidiaries | Date acquired | Equity interest acquired % |
|---|---|---|
| Vailog (Kunshan) Storage Co., Ltd. | April 2010 | 90 |
| Shanghai Weiluo Storage Services Co., Ltd. | April 2010 | 90 |

## Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the period ended June 30, 2010 are provided below:

| | Recognized values on acquisition US$'000 |
|---|---|
| Investment properties | 323 |
| Trade and other receivables | 2 |
| Cash and cash equivalents | 6,003 |
| Trade and other payables | (1) |
| Minority interests | (633) |
| Net assets acquired | 5,694 |
| Purchase consideration | 5,694 |
| Cash of subsidiaries acquired | (6,003) |
| **Cash inflow on acquisition of subsidiaries** | (309) |

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$5,694,000. From the dates of acquisitions to June 30, 2010, the above-mentioned acquisitions contributed net loss of US$11,000 to the Group's results for the three-month period, before accounting for financing costs attributable to the acquisitions. If the acquisitions have occurred on April 1, 2010, management estimates that consolidated revenue and consolidated gain for the three-month period would have remained unchanged.

## 22 Operating segments

### Information about reportable segments

| | PRC | | Japan | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 US$'000 | June 30, 2009 US$'000 | June 30, 2010 US$'000 | June 30, 2009 US$'000 | June 30, 2010 US$'000 | June 30, 2009 US$'000 | June 30, 2010 US$'000 | June 30, 2009 US$'000 |
| ***Revenue and expenses*** | | | | | | | | |
| External revenue | 19,304 | 13,768 | 91,637 | 82,642 | - | - | 110,941 | 96,410 |
| Adjusted EBIT | 46,557 | 12,340 | 85,652 | 63,687 | 1,012 | (1,247) | 133,221 | 74,780 |
| Net interest expense | (3,598) | (1,640) | (12,288) | (11,725) | (882) | (1,878) | (16,768) | (15,243) |
| Changes in fair value of investment properties | 149,194 | 37,780 | 292,634 | (108,646) | - | - | 441,828 | (70,866) |
| Profit/(Loss) before tax | 192,153 | 48,480 | 365,998 | (56,684) | 130 | (3,125) | 558,281 | (11,329) |
| Income tax expense | (39,351) | (11,625) | (18,374) | 4,167 | - | - | (57,725) | (7,458) |
| Profit/(Loss) after tax | 152,802 | 36,855 | 347,624 | (52,517) | 130 | (3,125) | 500,556 | (18,787) |
| ***Other information*** | | | | | | | | |
| Depreciation and amortization | (9) | (9) | (1,430) | (1,141) | - | - | (1,439) | (1,150) |
| Capital expenditure* | 35,963 | 23,814 | 388 | 58,512 | - | - | 36,351 | 82,326 |

* Capital expenditure includes acquisition and development expenditure of investment properties, acquisition of plant and equipment and interests in subsidiaries and jointly controlled entities.

| | PRC | | Japan | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **June 30, 2010 US$'000** | **March 31, 2010 US$'000** | **June 30, 2010 US$'000** | **March 31, 2010 US$'000** | **June 30, 2010 US$'000** | **March 31, 2010 US$'000** | **June 30, 2010 US$'000** | **March 31, 2010 US$'000** |
| ***Assets and liabilities*** | | | | | | | | |
| Investment properties | 1,455,072 | 1,269,533 | 5,803,481 | 5,259,440 | - | - | 7,258,553 | 6,528,973 |
| Jointly-controlled entities | 366,730 | 325,838 | 1,193 | 822 | (12,045) | (11,191) | 355,878 | 315,469 |
| Other segment assets | 283,386 | 222,201 | 271,685 | 330,738 | - | - | 555,071 | 552,939 |
| Reportable segment assets | 2,105,188 | 1,817,572 | 6,076,359 | 5,591,000 | (12,045) | (11,191) | 8,169,502 | 7,397,381 |
| Loans and borrowings | (305,770) | (268,359) | (2,920,750) | (2,798,621) | (313,600) | (313,600) | (3,540,120) | (3,380,580) |
| Other segment liabilities | (221,825) | (171,287) | (870,889) | (903,614) | (638,363) | (599,481) | (1,731,077) | (1,674,382) |
| Reportable segment liabilities | (527,595) | (439,646) | (3,791,639) | (3,702,235) | (951,963) | (913,081) | (5,271,197) | (5,054,962) |

## 23 Commitments

The Group had the following commitments as at the balance sheet date:

### (a) Operating lease commitments

#### *(i) Operating lease rental payable*

Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Lease payments payable: | | |
| - Within 1 year | 138 | 151 |
| - After 1 year but within 5 years | 60 | 79 |
| | 198 | 230 |

#### *(ii) Operating lease rental receivable*

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Lease rentals receivable: | | |
| - Within 1 year | 428,586 | 406,404 |
| - After 1 year but within 5 years | 1,240,438 | 1,199,157 |
| - After 5 years | 1,049,527 | 1,040,839 |
| | 2,718,551 | 2,646,400 |

### (b) Other commitments

| | June 30, 2010 US$'000 | March 31, 2010 US$'000 |
|---|---|---|
| Commitments in relation to share capital of subsidiaries not yet due and not provided for | 105,266 | 91,550 |
| Commitments in relation to share capital of subsidiaries due but not provided for | 53,290 | 71,851 |
| Development expenditure contracted but not provided for | 92,208 | 91,204 |

## 24 Significant investments

The following are the Group's significant investments:

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | |
|---|---|---|---|---|
| | | | June 30, 2010 % | March 31, 2010 % |
| **Japan Logistic Properties 1 Private Limited** and its subsidiaries: | Investment holding | Japan | 100 | 100 |
| Shinkiba Logistics SPC | Property investment | Japan | 100 | 100 |
| Urayasa Logistics SPC | Property investment | Japan | 100 | 100 |
| Shinsuna Logistics SPC | Property investment | Japan | 100 | 100 |
| Tatsumi Logistics SPC | Property investment | Japan | 100 | 100 |
| Narita Logistics SPC | Property investment | Japan | 100 | 100 |
| Tokyo Logistics SPC | Property investment | Japan | 100 | 100 |
| Urayasu Two Logistics SPC | Property investment | Japan | 100 | 100 |
| Tokai Logistics SPC | Property investment | Japan | 100 | 100 |
| Fukusaki Logistics SPC | Property investment | Japan | 100 | 100 |
| Narashino Logistics SPC | Property investment | Japan | 100 | 100 |
| Hachioji Logistics SPC | Property investment | Japan | 100 | 100 |
| Kazo Logistics SPC | Property investment | Japan | 100 | 100 |
| Funabashi Logistics SPC | Property investment | Japan | 100 | 100 |
| Osaka Logistics SPC | Property investment | Japan | 100 | 100 |
| Yokohama Logistics SPC | Property investment | Japan | 100 | 100 |
| Kasukabe Logistics SPC | Property investment | Japan | 100 | 100 |
| GLP Urayasu Two YK | Property management | Japan | 100 | 100 |
| **Japan Logistic Properties 2 Pte Ltd** and its subsidiaries: | Investment holding | Japan | 100 | 100 |
| Amagasaki Logistic SPC | Property investment | Japan | 100 | 100 |
| Amagasaki Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Sakai Logistic SPC | Property investment | Japan | 100 | 100 |
| Cosmos SPC | Property investment | Japan | 100 | 100 |
| Atsugi SPC | Property investment | Japan | 100 | 100 |
| Fukaehama Logistic SPC | Property investment | Japan | 100 | 100 |
| Funabashi Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Hayashima Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Hirakata Logistic SPC | Property investment | Japan | 100 | 100 |
| Hirakata Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Seishin Logistic SPC | Property investment | Japan | 100 | 100 |
| Koshigaya Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Maishima One Logistic SPC | Property investment | Japan | 100 | 100 |
| Maishima Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Narashino Two Logistic SPC | Property investment | Japan | 100 | 100 |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | |
|---|---|---|---|---|
| | | | June 30, 2010 % | March 31, 2010 % |
| **Japan Logistic Properties 2 Pte Ltd (cont'd)** | | | | |
| Narita Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Hayashima Logistic SPC | Property investment | Japan | 100 | 100 |
| Okegawa Logistic SPC | Property investment | Japan | 100 | 100 |
| Misato Logistic SPC | Property investment | Japan | 100 | 100 |
| Sendai Logistic SPC | Property investment | Japan | 100 | 100 |
| Sugito Logistic SPC | Property investment | Japan | 100 | 100 |
| Tokyo Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Tomiya Logistic SPC | Property investment | Japan | 100 | 100 |
| Tomisato Logistic SPC | Property investment | Japan | 100 | 100 |
| Urayasu Three Logistic SPC | Property investment | Japan | 100 | 100 |
| Sugito Two Logistic SPC | Property investment | Japan | 100 | 100 |
| Tosu One Logistic SPC | Property investment | Japan | 100 | 100 |
| Tsumori Logistic SPC | Property investment | Japan | 100 | 100 |
| Iwatsuki SPC | Property investment | Japan | 100 | 100 |
| Komaki Logistic SPC | Property investment | Japan | 100 | 100 |
| Koriyama One Logistic SPC | Property investment | Japan | 100 | 100 |
| Kiyama Logistic SPC | Property investment | Japan | 100 | 100 |
| Akishima Logistic SPC | Property investment | Japan | 100 | 100 |
| Yachiyo Logistic SPC | Property investment | Japan | 100 | 100 |
| Hakozaki Logistic SPC | Property investment | Japan | 100 | 100 |
| Tosu Five Logistic SPC | Property investment | Japan | 100 | 100 |
| Koshigaya Three Logistic SPC | Property investment | Japan | 100 | 100 |
| Misato Two Logistic SPC | Property investment | Japan | 100 | 100 |
| **Japan Logistic Properties 3 Pte Ltd** and its subsidiaries: | Investment holding | Japan | 100 | 100 |
| Azalea SPC | Property investment | Japan | 100 | 100 |
| **CLH Limited** and its jointly-controlled entities/ subsidiaries: | Investment holding | Cayman Islands | 100 | 100 |
| GLP Pujin Development Co., Ltd | Property investment | PRC | 100 | 100 |
| Zhongbao Logistics Co., Ltd | Property investment | PRC | 100 | 100 |
| Shanghai GLP Chapu Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Puyun Warehousing Services Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Guangzhou Bonded Development Co., Ltd. | Property investment | PRC | 100 | 100 |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | |
|---|---|---|---|---|
| | | | June 30, 2010 % | March 31, 2010 % |
| **CLH Limited (cont'd)** | | | | |
| GLP Beijing Airport Logistics Development Co., Ltd | Property investment | PRC | 100 | 100 |
| GLP Foshan Logistics Co., Ltd | Property investment | PRC | 100 | 100 |
| GLP Hangzhou Logistics Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Shanghai Jiading Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Beijing Majuqiao Logistics Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Songjiang Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| Shanghai Minhang GLP Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP (Qingdao) Airport International Logistics Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP (Qingdao) Qianwan Harbor International Logistics Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP (Qingdao) JiaoNan International Logistics Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Nanjing Jiangning Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP (Guangzhou) Baopu Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Jiaxing Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Chongqing Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Wuxi Logistics Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Fengmin Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP (Tianjin) Industry Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Chenghua Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Changsha Development Co., Ltd. | Property investment | PRC | 100 | 100 |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | |
|---|---|---|---|---|
| | | | June 30, 2010 % | March 31, 2010 % |
| **CLH Limited (cont'd)** | | | | |
| GLP Fengjia Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Fengsong Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| Ningbo Gangrui Warehousing Co., Ltd. | Property investment | PRC | 100 | 100 |
| Ningbo Haichuang Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Xujing Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| Pushun Logistics Park Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| Qingdao Shuangyi Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| Tianjin Puqing Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP (Ningbo Beilun) Warehousing Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Jiashan Pujia Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Pumin Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Taicang Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Chengdu Hi-Tech Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Pujiang Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| Shanghai Puchuan Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Wanqing Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| Jiangsu Beisheng Technology Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Luoxin Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| Beijing Jingcai Warehousing Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Laogang Development Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Guangzhou Warehousing Co., Ltd. | Property investment | PRC | 100 | 100 |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | |
|---|---|---|---|---|
| | | | June 30, 2010 % | March 31, 2010 % |
| **CLH Limited (cont'd)** | | | | |
| Kunshan GLP Dianshanhu Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Puting Logistics Co., Ltd. | Property investment | PRC | 100 | 100 |
| High-Tech Base (Shanghai) Machinery Co., Ltd. | Property investment | PRC | 100 | 100 |
| GLP Tianjin Development Co., Ltd. | Property investment | PRC | 80 | 80 |
| Beijing City Power Warehousing Co., Ltd. | Property investment | PRC | 70 | 70 |
| Zhuhai GLP – Gree Logistics Development Co., Ltd. | Property investment | PRC | 70 | 70 |
| Dalian GLP – Jifa Development Co., Ltd. | Property investment | PRC | 60 | 60 |
| Shen Yang GLP Jifa Logistics Development Co., Ltd. | Property investment | PRC | 60 | 60 |
| SZITIC Shenzhen Commercial Property Co., Ltd. | Property investment | PRC | 51 | 51 |
| GLP Kunshan Puqiao Logistics Co., Ltd | Property investment | PRC | -[1] | 100 |
| Vailog (Kunshan) Storage Co., Ltd. | Property investment | PRC | 90 | - |
| Shanghai Weiluo Storage Services Co., Ltd. | Property investment | PRC | 90 | - |
| GLP Suzhou Development Co., Ltd. | Property investment | PRC | 50[2] | 50[2] |
| Shanghai Lingang GLP International Logistics Development Co., Ltd. | Property investment | PRC | 50[2] | 50[2] |
| Shenzhen GLP – Yantian Port Logistics Co., Ltd. | Property investment | PRC | 50[2] | 50[2] |
| Shanghai Lingang GLP Warehousing & Logistics Development Co., Ltd. | Property investment | PRC | 50[2] | 50[2] |
| Suzhou GLP Wangting Development Co., Ltd. | Property investment | PRC | 50[2] | 50[2] |
| Suzhou Industrial Park Genway Factory Building Industrial Development Co., Ltd | Property investment | PRC | 50[2] | 50[2] |
| Suzhou Industrial Park Sucai Property Co., Ltd | Property investment | PRC | 50[2] | 50[2] |
| Suzhou Industrial Park Genway Factory Property Management Co., Ltd | Property investment | PRC | 50[2] | 50[2] |

| Direct/ Indirect Jointly-controlled Entities/ Subsidiaries of the Group | Principal activities | Country of incorporation and place of business | Effective interest held by the Group | |
|---|---|---|---|---|
| | | | June 30, 2010 % | March 31, 2010 % |
| **Global Logistic Properties Holdings Limited** and its subsidiaries: | Investment holding and property management | Cayman Islands | 50[2] | 50[2] |
| Global Logistic Properties Investment Management (China) Co., Ltd | Property management | PRC | 50[2] | 50[2] |
| Global Logistic Properties Inc. | Property management | Japan | 50[2] | 50[2] |
| Global Logistic Properties Suzhou Share Service Co., Ltd. | Property management | PRC | 50[2] | 50[2] |

Note:

(1) Liquidated during the three-month period ended June 30, 2010.

(2) Jointly-controlled entities of the Group, and thus, equity-accounted by the Group during the three-month periods ended June 30, 2009 and 2010.

Certain of the above subsidiaries incorporated in Japan have issued preference shares to third parties with terms disclosed in Note 12.

## 25 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the combined financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

| | June 30, 2010 US$'000 | June 30, 2009 US$'000 |
|---|---|---|
| **Jointly-controlled entities** | | |
| Asset management fees paid/payable | 5,740 | 1,076 |
| Investment management fees paid/payable | 1,383 | - |
| Property management fees paid/payable | 468 | 305 |
| Development fees paid/payable* | 3,968 | 1,813 |
| **Associates of intermediate holding company** | | |
| Operating lease expenses paid/payable | 603 | 1,475 |

* Capitalized in investment properties

## 26 Subsequent events

(a) On August 2, 2010, the Group entered into a framework agreement with a third party to acquire a 53.1% equity interest in Airport City Development Co., Ltd. ("Target Company"), a company that owns strategically located assets in a first-tier city in China, at a consideration to be determined by the net asset value of the Target Company, which is estimated to be approximately US$335.0 million 70% of the consideration would be satisfied by the issue of new shares and 30% of the consideration would be satisfied in cash. The consummation of the acquisition is subject to a number of conditions, including satisfactory due diligence of the target property and sellers, successful negotiation and entry into a sale and purchase agreement and successful consummation of the Offering and is not expected to have any financial effects on the Group for the years ended March 31, 2008, 2009 and 2010.

In addition, the Target Company is required to dispose of a certain subsidiary before closing of the transaction. As this asset will not form part of the sale and purchase, the Group is required to repay approximately US$86.0 million, which represents the Group's attributable portion of the sale proceeds to be derived from the disposal. This payment would be satisfied in cash.

(b) On August 27, 2010, the Group's external bank loans amounting to US$313.6 million, were novated to a related corporation, with an accompanying increase in interest-free intercompany advances.

(c) On September 27, 2010, the Company entered into a master restructuring agreement pursuant to which,:

i) each of the ordinary shares in the capital of the Company were sub-divided into 183,035,500 shares, and allotted to the immediate holding company;

ii) 1,377,286,000 new ordinary shares in the capital of the Company will be issued and allotted to the Company's related corporations to effect the Japan Reorganization and the GLPH Reorganization;

iii) 189,853,000 new ordinary shares in the capital of the Company will be issued and allotted, as purchase consideration to effect the GLPH Acquisition; and

## APPENDIX L
## INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The Board of Directors
Global Logistic Properties Limited
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Dear Sirs

**Letter from the Independent Auditors on the unaudited pro forma financial statements for the years ended March 31, 2008, 2009 and 2010 and for the three-month period ended June 30, 2010**

We report on the unaudited pro forma financial statements set out in Appendix M of the Prospectus to be issued in connection with the public offering of the shares of Global Logistic Properties Limited (the "Company"). The unaudited pro forma financial information of Global Logistic Properties Limited and its subsidiaries (the "Group") have been prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments, to show what:

(a) the financial position of the Group as at March 31, 2010 and June 30, 2010 would have been if the Acquisitions and Disposals, and the Change in Capital Structure had occurred on March 31, 2010 and June 30, 2010 respectively;

(b) the financial results of the Group for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010 would have been if the Acquisitions and Disposals, and the Change in Capital Structure had occurred on April 1, 2007, or on the date of incorporation of the entities acquired, whichever is later; and

(c) the cash flows of the Group for the year ended March 31, 2010 and the three-month period ended June 30, 2010 would have been if the Acquisitions and Disposals, and the Change in Capital Structure had occurred on April 1, 2009.

The unaudited pro forma financial statements, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of the Group. The unaudited pro forma financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on the unaudited pro forma financial statements based on our work.

Our procedures on the unaudited pro forma financial statements have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America or other jurisdictions, other than in Singapore, and accordingly, should not be relied upon as if they had been carried out in accordance with those standards.

We carried out procedures in accordance with Singapore Statement of Auditing Practice (SAP) 24 *Auditors and Public Offering Documents*. Our work, which involved no independent examination of the unaudited pro forma financial statements, consisted primarily of comparing the unaudited pro forma financial statements to the financial statements of the entities of the Group, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial statements with the directors of the Company.

In our opinion:

(a) the unaudited pro forma financial statements have been properly prepared:

(i) from the relevant financial statements making up the Group which were prepared in accordance with International Financial Reporting Standards;

(ii) in a manner consistent with the format of the financial statements and the accounting policies of the Group; and

(iii) on the bases as set out in Note 1 to the unaudited pro forma financial statements.

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma financial statements is appropriate for the purpose of preparing such financial information.

This report has been prepared for inclusion in the Prospectus of the Company in connection with the initial public offering of the shares of the Company.

**KPMG LLP**
*Public Accountants and*
*Certified Public Accountants*
Singapore

Eng Chin Chin
Partner-in-charge

October 11, 2010

# APPENDIX M

## UNAUDITED PRO FORMA FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2008, 2009 AND 2010 AND THE THREE-MONTH PERIOD ENDED JUNE 30, 2010

## Unaudited Pro forma Balance Sheets
## As at March 31, 2010 and June 30, 2010

| | Note | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | | 6,528,973 | 7,258,553 |
| Intangible assets | 3 | 421,860 | 421,860 |
| Jointly-controlled entities | 4 | 306,887 | 345,305 |
| Deferred tax assets | 5 | 21,535 | 15,878 |
| Plant and equipment | | 2,626 | 2,820 |
| Other non-current assets | 6 | 17,631 | 16,658 |
| | | 7,299,512 | 8,061,074 |
| **Current assets** | | | |
| Trade and other receivables | 7 | 76,053 | 90,504 |
| Financial derivative assets | | 33 | - |
| Cash and cash equivalents | 8 | 428,018 | 418,204 |
| | | 504,104 | 508,708 |
| **Total assets** | | 7,803,616 | 8,569,782 |
| **Equity attributable to equity holder of the Company** | | | |
| Share capital | 9 | * | * |
| Reserves | | 1,969,434 | 2,484,621 |
| | | 1,969,434 | 2,484,621 |
| **Minority interests** | | 776,826 | 817,092 |
| **Total equity** | | 2,746,260 | 3,301,713 |
| **Non-current liabilities** | | | |
| Loans and borrowings | 10 | 2,494,831 | 2,848,965 |
| Deferred tax liabilities | 5 | 135,192 | 188,167 |
| Other non-current liabilities | 11 | 124,707 | 129,187 |
| | | 2,754,730 | 3,166,319 |
| **Current liabilities** | | | |
| Loans and borrowings | 10 | 572,149 | 377,555 |
| Trade and other payables | 12 | 1,696,200 | 1,687,381 |
| Financial derivative liabilities | | 32,729 | 32,428 |
| Current tax payable | | 1,548 | 4,386 |
| | | 2,302,626 | 2,101,750 |
| **Total liabilities** | | 5,057,356 | 5,268,069 |
| **Total equity and liabilities** | | 7,803,616 | 8,569,782 |

* Less than US$1,000

The accompanying notes form an integral part of these unaudited pro forma financial statements.

## Unaudited Pro forma Income Statements
## Years Ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010

| | Note | Year ended March 31, 2008 US$'000 | Year ended March 31, 2009 US$'000 | Year ended March 31, 2010 US$'000 | Three-month period ended June 30, 2010 US$'000 |
|---|---|---|---|---|---|
| Revenue | 13 | 249,793 | 355,089 | 412,244 | 111,918 |
| Management fees | | (10,242) | (14,363) | (9,964) | (27) |
| Property-related expenses | | (28,214) | (47,886) | (54,931) | (15,258) |
| Other expenses | | (27,231) | (41,199) | (51,948) | (12,701) |
| | | 184,106 | 251,641 | 295,401 | 83,932 |
| Share of results (net of income tax) of jointly-controlled entities | | 10,601 | 6,708 | 27,997 | 37,042 |
| **Profit from operating activities after share of results of jointly-controlled entities** | | 194,707 | 258,349 | 323,398 | 120,974 |
| Net finance costs | 14 | (64,163) | (53,328) | (55,033) | (5,838) |
| Non-operating income | | 486,373 | 1,885 | - | - |
| **Profit before changes in fair value of investment properties** | | 616,917 | 206,906 | 268,365 | 115,136 |
| Changes in fair value of investment properties | | (18,134) | (494,181) | (377,047) | 445,796 |
| **Profit/(Loss) before income tax** | 15 | 598,783 | (287,275) | (108,682) | 560,932 |
| Income tax (expense)/benefit | 16 | (10,465) | 12,484 | (20,659) | (58,419) |
| **Profit/(Loss) for the year/period** | | 588,318 | (274,791) | (129,341) | 502,513 |
| **Attributable to:** | | | | | |
| Equity holder of the Company | | 576,604 | (288,207) | (156,347) | 489,994 |
| Minority interests | | 11,714 | 13,416 | 27,006 | 12,519 |
| **Profit for the period/year** | | 588,318 | (274,791) | (129,341) | 502,513 |
| **Earnings/(Loss) per share (cents)** | | | | | |
| - Basic and diluted | 19 | 29.83 | (14.91) | (8.09) | 25.35 |

The accompanying notes form an integral part of these unaudited pro forma financial statements.

## Unaudited Pro forma Statements of Cash Flows
## Years Ended March 31, 2010 and three-month period ended June 30, 2010

| | Note | Year ended March 31, 2010 US$'000 | Three-month period ended June 30, 2010 US$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before income tax | | 87,738 | 560,932 |
| Adjustments for: | | | |
| Amortization of intangible assets | | 3,440 | 860 |
| Amortization of transaction costs of bonds | | 4,892 | 1,430 |
| Depreciation of plant and equipment | | 749 | 203 |
| Gain on remeasurement of previously held equity interest | | (196,420) | - |
| Share of results of jointly-controlled entities | | (27,997) | (37,042) |
| Changes in fair value of investment properties | | 377,047 | (445,796) |
| Changes in fair value of financial derivatives | | 3,510 | (1,690) |
| Impairment loss on loans and receivables | | 124 | (32) |
| Interest income | | (1,562) | (237) |
| Interest expense | | 61,263 | 16,121 |
| | | 312,784 | 94,749 |
| Changes in working capital: | | | |
| Trade and other receivables | | (83,173) | (18,993) |
| Trade and other payables | | 45,960 | (12,935) |
| Cash generated from operations | | 275,571 | 62,821 |
| Income tax paid | | (8,608) | (1,754) |
| **Cash flows from operating activities** | | 266,963 | 61,067 |
| | | | |
| **Investing activities** | | | |
| Acquisition of subsidiaries, net of cash acquired | 17 | (469,874) | - |
| Acquisition of minority interests | | (10,146) | - |
| Proceeds from liquidation of a subsidiary | | 3,875 | - |
| Development expenditure on investment properties | | (113,255) | (21,818) |
| Proceeds from disposal of investment properties | | 9,860 | - |
| Purchase of plant and equipment | | (2,279) | (367) |
| Proceeds from disposal of plant and equipment | | - | 1 |
| Interest income received | | 1,562 | 237 |
| Dividends received from jointly-controlled entities | | 6,305 | - |
| **Cash flows used in investing activities** | | (573,952) | (21,947) |

The accompanying notes form an integral part of these
unaudited pro forma financial statements.

| | Year ended March 31, 2010 US$'000 | Three-month period ended June 30, 2010 US$'000 |
|---|---|---|
| **Financing activities** | | |
| Capital contribution from related corporations | 409,301 | 304 |
| Proceeds from advances from related corporations | 319,793 | 32,590 |
| Proceeds from bank loans | 160,498 | 181,578 |
| Repayment of bank loans | (326,586) | (34,986) |
| Proceeds from issue of bonds | - | 108,260 |
| Repayment of bonds | (42,622) | (223,491) |
| Deposits pledged | 7,250 | - |
| Interest expense paid | (62,019) | (16,735) |
| Redemption of preferred shares | (30,672) | - |
| Dividends paid | (17,409) | (114,633) |
| **Cash flows from financing activities** | 417,534 | (67,113) |
| **Net increase/(decrease) in cash and cash equivalents** | 110,545 | (27,993) |
| **Cash and cash equivalents at beginning of year/period** | 316,397 | 437,038 |
| Effect of exchange rate changes on cash balances held in foreign currencies | 10,096 | 10,580 |
| **Cash and cash equivalents at end of year/period** | 437,038 | 419,625 |

The accompanying notes form an integral part of these unaudited pro forma financial statements.

# 1 Introduction and Basis of Preparation

## A. INTRODUCTION

The Unaudited Pro forma Financial Statements should be read in conjunction with the audited historical combined financial statements of Global Logistic Properties Limited (the "Company") and its subsidiaries (the "Group") for the years ended March 31, 2008, 2009 and 2010 and the unaudited interim historical combined financial statements of the Group for the three-month period ended June 30, 2010 which are set out in Appendix I and in Appendix K of the Prospectus respectively.

The Unaudited Pro forma Financial Statements, comprising the Unaudited Pro forma Balance Sheets of the Group as at March 31, 2010 and June 30, 2010, the Unaudited Pro forma Income Statements of the Group for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010, and the Unaudited Pro forma Statements of Cash Flows of the Group for the year ended March 31, 2010 and the three-month period ended June 30, 2010 and the notes thereon, have been prepared for inclusion in the Prospectus of Global Logistic Properties Limited in connection with the public offering of ordinary shares of the Company.

The Company was incorporated in the Republic of Singapore on August 28, 2007 and has its registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The principal activities of the Company and its subsidiaries are those of an investment holding company and the provision of distribution facilities and services.

The immediate and ultimate holding companies of the Company are Recosia China Private Limited ("Recosia China") and Government of Singapore Investment Corporation (Realty) Private Limited ("GIC Realty"). Both companies are incorporated in the Republic of Singapore.

### Corporate Reorganization and Disposals

On September 27, 2010, the Company entered into a master restructuring agreement, which include:

(i) the acquisition of 100% interests in Japan Logistic Properties 1 Private Limited ("JLP 1"), Japan Logistic Properties 2 Pte. Ltd. ("JLP 2") and Japan Logistic Properties 3 Pte. Ltd. ("JLP 3") from Reco Platinum Pte Ltd ("Reco Platinum"), Reco Benefit Private Limited ("Reco Benefit") and Reco Heir Private Limited ("Reco Heir") respectively (the "Japan Reorganization"); and

(ii) the acquisition of 50% interests in Global Logistic Properties Holdings Limited ("GLPH") from Reco Logistics Management Private Limited ("Reco Logistics") (the "GLPH Reorganization") and the remaining 50% interests in GLPH from Schwartz-Mei Group Limited ("SMG") (the "GLPH Acquisition").

The Japan Reorganization and the GLPH Reorganization are considered to be acquisitions of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to these reorganizations have been accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of these entities have been included in the combined financial statements at their historical carrying amounts.

Following the reorganizations and the GLPH Acquisition, JLP 1, JLP 2, JLP 3 and GLPH became wholly-owned subsidiaries of the Group, herein referred as the "Enlarged Group". In addition to the above, the Enlarged Group also acquired and disposed of its interests in certain subsidiaries between April 1, 2007 and the date of registration of the Prospectus (the "relevant period").

Details of subsidiaries acquired from parties other than ProLogis during the relevant period, other than those included in the Japan Reorganization, the GLPH Reorganization, the GLPH Acquisition and the acquisitions of the remaining 33% equity interest in CLH Limited and all the other entities owned by ProLogis in China, are as follows:

| Name of companies | Principal activities | Date acquired | Interests acquired by Enlarged Group |
|---|---|---|---|
| Misato Two Pte Ltd and its subsidiary: | Investment holding | April 2009 | 100 |
| Misato Two Logistic SPC | Property investment | April 2009 | 100 |
| GLP Guangzhou Warehousing Co., Ltd. | Property investment | April 2009 | 100 |
| Vailog Hong Kong DC3 Ltd and its subsidiary: | Investment holding | April 2010 | 90 |
| Shanghai Weiluo Storage Services Co., Ltd | Property investment | April 2010 | 90 |
| Vailog Hong Kong DC6 Ltd and its subsidiary: | Investment holding | April 2010 | 90 |
| Vailog (Kunshan) Storage Co., Ltd | Property investment | April 2010 | 90 |

Details of a subsidiary disposed during the relevant period are as follows:

| Name of company | Principal activities | Date disposed | Interests disposed by Enlarged Group |
|---|---|---|---|
| | | | % |
| Shenzhen Yuanshengli Management Co., Ltd. | Property investment | August 2009 | 60 |

The Japan Reorganization, the GLPH Reorganization, the GLPH Acquisition and the acquisitions and disposals of interests in certain subsidiaries (specifically, the Group acquired the remaining 33% equity interest in CLH Limited and all the other entities owned by ProLogis in China) during the relevant periods other than those included in the reorganizations and the GLPH Acquisition are collectively referred herein as the "Acquisitions and Disposals".

### Change in Capital Structure

On August 27, 2010, the Group's existing external bank loans amounting to US$313.6 million, was novated to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million, herein referred to as the "Change in Capital Structure".

## B. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The Unaudited Pro forma Financial Statements set out in this report, expressed in United States dollars ("USD" or "US$"), and rounded to the nearest thousand, unless otherwise stated, has been prepared for illustration purposes only and based on certain assumptions, after making certain adjustments, to show the unaudited pro forma balance sheets of the Group as at March 31, 2010 and June 30, 2010, the unaudited pro forma income statements of the Group for the years ended March 31, 2008, 2009 and

2010 and the three-month period ended June 30, 2010, and the unaudited pro forma statements of cash flows of the Group for the year ended March 31, 2010 and three-month period ended June 30, 2010.

The Unaudited Pro forma Financial Statements have been compiled based on:

(a) the audited historical combined financial statements of the Group for the years ended March 31, 2008, 2009 and 2010, which were prepared in accordance with the International Financial Reporting Standards;

(b) the unaudited interim historical combined financial statements of the Group for the three-month period ended June 30, 2010, which were prepared in accordance with the International Financial Reporting Standards; and

(c) the unaudited restated financial statements (financial statements prepared in accordance with accounting principles generally accepted in Japan and People's Republic of China, restated to align to International Financial Reporting Standards) of relevant subsidiaries acquired and disposed of during the relevant periods.

The Unaudited Pro forma Financial Statements reflect the:

(a) balance sheets of the Group as at March 31, 2010 and June 30, 2010 had the Acquisitions and Disposals, and the Change in Capital Structure had occurred as at the relevant dates presented;

(b) income statements of the Group for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010 had the Acquisitions and Disposals, and the Change in Capital Structure had occurred on April 1, 2007, or on the date of incorporation of the entities acquired, whichever is later; and

(c) statements of cash flows of the Group for the year ended March 31, 2010 and the three-month period ended June 30, 2010 had the Acquisitions and Disposals, and the Change in Capital Structure occurred on April 1, 2009.

The historical combined financial statements of the Group for the years ended March 31, 2008, 2009 and 2010 were audited by KPMG LLP Singapore, Public Accountants and Certified Public Accountants.

The unaudited interim historical combined financial statements of the Group for the three-month period ended June 30, 2010 is a component of the unaudited interim historical combined financial statements of the Group for the three-month periods ended June 30, 2009 and 2010, and were reviewed by KPMG LLP Singapore, Public Accountants and Certified Public Accountants.

The KPMG LLP Singapore reports on the above financial statements were not subjected to any qualifications, modifications or disclaimers.

The objective of the Unaudited Pro forma Financial Statements is to show what the financial positions, results and cash flows might have been, had the Acquisitions and Disposals, and the Change in Capital Structure as described above, occurred at an earlier date. However, the Unaudited Pro forma Financial Statements is not necessarily indicative of the financial positions, results and cash flows of the operations that would have been attained had the Acquisitions and Disposals, and the Change in Capital Structure actually occurred earlier. The Unaudited Pro forma Financial Statements have been prepared for illustrative purposes only, and because of their nature, may not give a true picture of the actual financial position, results of operations and cash flows of the Group.

## (I) Unaudited Pro forma Balance Sheets

The unaudited pro forma balance sheets as at March 31, 2010 and June 30, 2010 have been prepared assuming that the Acquisitions and Disposals and Change in Capital Structure had occurred on March 31, 2010 and June 30, 2010 respectively.

In arriving at the unaudited pro forma balance sheets as at March 31, 2010 and June 30, 2010, the following key adjustments were made:

- Adjustments to reflect the assets and liabilities pertaining to those entities within the Enlarged Group which were acquired and/or disposed in relation to the Acquisitions and Disposals as at March 31, 2010 and June 30, 2010; and
- Adjustments to reflect the novation of external bank loans to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million each on March 31, 2010 and June 30, 2010, in relation to the Change in Capital Structure.

In addition, the following key assumption was made:

- The exchange rates between the Chinese Renminbi ("RMB"), Japanese Yen ("¥"), Singapore Dollar ("SGD" or "S$") and the US$ are assumed to be as follows as at March 31, 2010 and June 30, 2010:

| | **March 31, 2010** | **June 30, 2010** |
|---|---|---|
| RMB and US$ | US$1.00: RMB6.8361 | US$1.00: RMB6.8086 |
| ¥ and US$ | US$1.00: ¥92.6974 | US$1.00: ¥88.6615 |
| SGD and US$ | US$1.00: S$1.3992 | US$1.00: S$1.3987 |

## (II) Unaudited Pro forma Income Statements

The unaudited pro forma income statements for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010 have been prepared assuming that the Acquisitions and Disposals and Change in Capital Structure had occurred on April 1, 2007, or on the date of incorporation of the entities acquired, whichever is later.

In arriving at the unaudited pro forma income statements for the years ended March 31, 2008, 2009 and 2010 and the three-month period ended June 30, 2010, the following key adjustments were made:

- Adjustments to reflect the profit or loss pertaining to those entities within the Enlarged Group which were acquired between April 1, 2007, and the date of registration of the Prospectus, including negative goodwill on acquisition of those entities and gain on remeasurement of previously held equity interests. For this purpose, the negative goodwill on acquisition and gain on remeasurement of previously held equity interests are assumed to be US$295,676,000 and US$196,420,000, respectively;
- Adjustments to reverse the profit or loss pertaining to those entities within the Enlarged Group which were disposed between April 1, 2007 and the date of registration of the Prospectus;
- Adjustments to reflect the net change in fair value of the investment properties relating to the Acquisitions and Disposals based on historical valuations as at April 1, 2007 and March 31, 2008, as at April 1, 2008 and March 31, 2009, as at April 1, 2009 and March 31, 2010 and as at April 1, 2010 and June 30, 2010 for

years ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010, respectively. Those adjustments to reflect the net change in fair value of investment properties relating to entities assumed to be acquired by the Enlarged Group on April 1, 2007 amounted US$18.1 million, US$494.2 million, US$8.0 million and US$4.0 million for the years ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010, respectively;

- Adjustments to reverse the finance costs arising from the Change in Capital Structure of US$Nil, US$1,284,000, US$5,587,000 and US$882,000 for years ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010, respectively; and

- Adjustments to reflect the income tax expense/(benefit) pertaining to those entities within the Enlarged Group which were acquired between April 1, 2007, and the date of registration of the Prospectus. Negative goodwill on acquisition of those entities and gain on remeasurement of previously held equity interests are accounted for as items not subject to tax for the year ended March 31, 2008. Tax expense/(benefit) arising from the net change in fair value of investment properties relating to the Acquisitions and Disposals are assumed to be US$4,607,0000, US$(21,789,000), US$256,000 and US$52,922,000 for the years ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010, respectively.

In addition, the following key assumptions were made:

- The amounts of US$Nil, US$1,284,000, US$5,587,000 and US$882,000 from the reversal of finance costs (as described above) are assumed to be set aside and used as working capital for the years ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010, respectively. It was assumed that no interest income was earned on the additional cash balances; and

- The exchange rates between the RMB, ¥, SGD and the US$ are assumed to be as follows during the years ended March 31, 2008, 2009 and 2010 and three-month period ended June 30, 2010:

| | **Year ended March 31, 2008** | **Year ended March 31, 2009** |
|---|---|---|
| RMB and US$ | US$1.00: RMB7.4695 | US$1.00: RMB6.8359 |
| ¥ and US$ | US$1.00: ¥114.3323 | US$1.00: ¥100.5238 |
| SGD and US$ | US$1.00: S$1.4770 | US$1.00: S$1.4403 |

| | **Year ended March 31, 2010** | **Period ended June 30, 2010** |
|---|---|---|
| RMB and US$ | US$1.00: RMB6.8359 | US$1.00: RMB6.8335 |
| ¥ and US$ | US$1.00: ¥92.9370 | US$1.00: ¥92.1738 |
| SGD and US$ | US$1.00: S$1.4279 | US$1.00: S$1.3921 |

## (III) Unaudited Pro forma Statements of Cash Flows

The unaudited pro forma statements of cash flows for the year ended March 31, 2010 and three-month period ended June 30, 2010 have been prepared assuming that the Acquisitions and Disposals and Change in Capital Structure had occurred on April 1, 2009.

In arriving at the unaudited pro forma statements of cash flows for the year ended March 31, 2010 and three-month period ended June 30, 2010, the following key adjustments were made:

- Adjustments to reflect the cash flows of those entities within the Enlarged Group which were acquired and/or disposed in relation to the Acquisitions and Disposals as if the acquisition and/or disposals occurred on April 1, 2009, in respect of acquisitions and disposals occurring subsequent to April 1, 2009;
- Adjustments to reflect the novation of external bank loans to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million each, in relation to the Change in Capital Structure on April 1, 2009; and
- Adjustments to reverse the payment of finance costs of US$5,102,000 and US$284,000 million during the year ended March 31, 2010 and three-month period ended June 30, 2010, respectively, arising from the Change in Capital Structure on April 1, 2009.

In addition, the following key assumptions were made:

- The amounts of US$5,102,000 and US$284,000 arising from the reversal of finance costs paid are assumed to be set aside and used as working capital for the year ended March 31, 2010 and three-month period ended June 30, 2010, respectively. It was assumed that no interest income was earned on the additional cash balances; and
- The exchange rates between the RMB, ¥, SGD and the US$ are assumed to be as follows as at and during the year ended March 31, 2010 and as at and during three-month period ended June 30, 2010:

| | **March 31, 2010** | **June 30, 2010** |
|---|---|---|
| RMB and US$ | US$1.00: RMB6.8361 | US$1.00: RMB6.8086 |
| ¥ and US$ | US$1.00: ¥92.6974 | US$1.00: ¥88.6615 |
| SGD and US$ | US$1.00: S$1.3992 | US$1.00: S$1.3987 |

| | **Year ended March 31, 2010** | **Period ended June 30, 2010** |
|---|---|---|
| RMB and US$ | US$1.00: RMB6.8359 | US$1.00: RMB6.8335 |
| ¥ and US$ | US$1.00: ¥92.9370 | US$1.00: ¥92.1738 |
| SGD and US$ | US$1.00: S$1.4279 | US$1.00: S$1.3921 |

## 2 Pro forma adjustments

### Unaudited Pro Forma Balance Sheets as at March 31, 2010 and June 30, 2010

The following adjustments have been made in arriving at the Unaudited Pro Forma Balance Sheets as at March 31, 2010 and June 30, 2010:

| | Historical combined balance sheet | Pro forma adjustments | | Unaudited pro forma balance sheet |
|---|---|---|---|---|
| | | Note (a) | Note (b) | |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **March 31, 2010** | | | | |
| **Non-current assets** | | | | |
| Investment properties | 6,528,973 | - | - | 6,528,973 |
| Intangible assets | - | 421,860 | - | 421,860 |
| Jointly-controlled entities | 315,469 | (8,582) | - | 306,887 |
| Deferred tax assets | 20,232 | 1,303 | - | 21,535 |
| Plant and equipment | 75 | 2,551 | - | 2,626 |
| Other non-current assets | 17,351 | 280 | - | 17,631 |
| | 6,882,100 | 417,412 | - | 7,299,512 |
| **Current assets** | | | | |
| Trade and other receivables | 103,227 | (27,174) | - | 76,053 |
| Financial derivative assets | 33 | - | - | 33 |
| Cash and cash equivalents | 412,021 | 15,997 | - | 428,018 |
| | 515,281 | (11,177) | - | 504,104 |
| **Total assets** | 7,397,381 | 406,235 | - | 7,803,616 |
| **Equity attributable to equity holder of the Company** | | | | |
| Share capital | * | - | - | * |
| Reserves | 1,566,222 | 403,212 | - | 1,969,434 |
| | 1,566,222 | 403,212 | - | 1,969,434 |
| **Minority interests** | 776,197 | 629 | - | 776,826 |
| **Total equity** | 2,342,419 | 403,841 | - | 2,746,260 |

* Less than US$1,000

| | Historical combined balance sheet | Pro forma adjustments Note (a) | Note (b) | Unaudited pro forma balance sheet |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **March 31, 2010** | | | | |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 2,664,831 | - | (170,000) | 2,494,831 |
| Deferred tax liabilities | 135,192 | - | - | 135,192 |
| Other non-current liabilities | 124,707 | - | - | 124,707 |
| | 2,924,730 | - | (170,000) | 2,754,730 |
| **Current liabilities** | | | | |
| Loans and borrowings | 715,749 | - | (143,600) | 572,149 |
| Trade and other payables | 1,380,206 | 2,394 | 313,600 | 1,696,200 |
| Financial derivative liabilities | 32,729 | - | - | 32,729 |
| Current tax payable | 1,548 | - | - | 1,548 |
| | 2,130,232 | 2,394 | 170,000 | 2,302,626 |
| **Total liabilities** | 5,054,962 | 2,394 | - | 5,057,356 |
| **Total equity and liabilities** | 7,397,381 | 406,235 | - | 7,803,616 |

**Notes to the pro forma adjustments to combined balance sheet as at March 31, 2010:-**

(a) Being adjustments to effect the Acquisitions and Disposals on March 31, 2010. Arising from the Acquisitions and Disposals, it is assumed that assets and liabilities of the entities within the Enlarged Group are combined into the pro forma balance sheet on March 31, 2010.

(b) Being adjustments to effect the Change in Capital Structure on March 31, 2010. Arising from the Change in Capital Structure, it is assumed that there was a novation of external bank loans to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million each on March 31, 2010.

| | Unaudited Historical combined balance sheet US$'000 | Pro forma adjustments Note (c) US$'000 | Note (d) US$'000 | Unaudited pro forma balance sheet US$'000 |
|---|---|---|---|---|
| **June 30, 2010** | | | | |
| **Non-current assets** | | | | |
| Investment properties | 7,258,553 | - | - | 7,258,553 |
| Intangible assets | - | 421,860 | - | 421,860 |
| Jointly-controlled entities | 355,878 | (10,573) | - | 345,305 |
| Deferred tax assets | 14,846 | 1,032 | - | 15,878 |
| Plant and equipment | 98 | 2,722 | - | 2,820 |
| Other non-current assets | 15,152 | 1,506 | - | 16,658 |
| | 7,644,527 | 416,547 | - | 8,061,074 |
| **Current assets** | | | | |
| Trade and other receivables | 119,385 | (28,881) | - | 90,504 |
| Cash and cash equivalents | 405,590 | 12,614 | - | 418,204 |
| | 524,975 | (16,267) | - | 508,708 |
| **Total assets** | 8,169,502 | 400,280 | - | 8,569,782 |
| **Equity attributable to equity holder of the Company** | | | | |
| Share capital | * | - | - | * |
| Reserves | 2,081,213 | 403,408 | - | 2,484,621 |
| | 2,081,213 | 403,408 | - | 2,484,621 |
| **Minority interests** | 817,092 | - | - | 817,092 |
| **Total equity** | 2,898,305 | 403,408 | - | 3,301,713 |

* Less than US$1,000

| | Unaudited Historical combined balance sheet US$'000 | Pro forma adjustments Note (c) US$'000 | Pro forma adjustments Note (d) US$'000 | Unaudited pro forma balance sheet US$'000 |
|---|---|---|---|---|
| **June 30, 2010** | | | | |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 3,018,965 | - | (170,000) | 2,848,965 |
| Deferred tax liabilities | 188,167 | - | - | 188,167 |
| Other non-current liabilities | 127,571 | 1,616 | - | 129,187 |
| | 3,334,703 | 1,616 | (170,000) | 3,166,319 |
| **Current liabilities** | | | | |
| Loans and borrowings | 521,155 | - | (143,600) | 377,555 |
| Trade and other payables | 1,378,939 | (5,158) | 313,600 | 1,687,381 |
| Financial derivative liabilities | 32,428 | - | - | 32,428 |
| Current tax payable | 3,972 | 414 | - | 4,386 |
| | 1,936,494 | (4,744) | 170,000 | 2,101,750 |
| **Total liabilities** | 5,271,197 | (3,128) | - | 5,268,069 |
| **Total equity and liabilities** | 8,169,502 | 400,280 | - | 8,569,782 |

**Notes to the pro forma adjustments to unaudited combined balance sheet as at June 30, 2010:-**

(c) Being adjustments to effect the Acquisitions and Disposals on June 30, 2010. Arising from the Acquisitions and Disposals, it is assumed that assets and liabilities of the entities within the Enlarged Group are combined into the pro forma balance sheet on June 30, 2010.

(d) Being adjustments to effect the Change in Capital Structure on June 30, 2010. Arising from the Change in Capital Structure, it is assumed that there was a novation of external bank loans to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million each on June 30, 2010.

**Unaudited Pro Forma Income Statements for the years ended March 31, 2008, 2009 and 2010 and for the three-month period ended June 30, 2010**

The following adjustments have been made in arriving at the Unaudited Pro Forma Income Statements for each of the years ended March 31, 2008, 2009 and 2010 and for the three-month period ended June 30, 2010:

| **Year ended March 31, 2008** | **Historical combined income statement US$'000** | **Pro forma adjustments Note (a) US$'000** | **Unaudited pro forma income statement US$'000** |
|---|---|---|---|
| Revenue | - | 249,793 | 249,793 |
| Management fees | - | (10,242) | (10,242) |
| Property-related expenses | - | (28,214) | (28,214) |
| Other expenses | (932) | (26,299) | (27,231) |
| | (932) | 185,038 | 184,106 |
| Share of results (net of income tax) of jointly-controlled entities | 16,574 | (5,973) | 10,601 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 15,642 | 179,065 | 194,707 |
| Net finance costs | - | (64,163) | (64,163) |
| Non-operating (expenses)/income | (273) | 486,646 | 486,373 |
| **Profit before changes in fair value of investment properties** | 15,369 | 601,548 | 616,917 |
| Changes in fair value of investment properties | - | (18,134) | (18,134) |
| **Profit before income tax** | 15,369 | 583,414 | 598,783 |
| Income tax expense | (1,918) | (8,547) | (10,465) |
| **Profit for the year** | 13,451 | 574,867 | 588,318 |

**Note to the pro forma adjustments to combined income statement for the year ended March 31, 2008:-**

(a) Being adjustment to effect the Acquisitions and Disposals on April 1, 2007. Arising from the Acquisitions and Disposals, it is assumed that the results of the entities within the Enlarged Group are included in the pro forma results from April 1, 2007, or the respective dates of incorporation of the entities, if later.

| **Year ended March 31, 2009** | **Historical combined income statement US$'000** | **Pro forma adjustments Note (a) US$'000** | **Pro forma adjustments Note (b) US$'000** | **Unaudited pro forma income statement US$'000** |
|---|---|---|---|---|
| Revenue | 51,278 | 303,811 | - | 355,089 |
| Management fees | (4,012) | (10,351) | - | (14,363) |
| Property-related expenses | (7,241) | (40,645) | - | (47,886) |
| Other expenses | (3,527) | (37,672) | - | (41,199) |
| | 36,498 | 215,143 | - | 251,641 |
| Share of results (net of income tax) of jointly-controlled entities | (280,280) | 286,988 | - | 6,708 |
| **(Loss)/ Profit from operating activities after share of results of jointly-controlled entities** | (243,782) | 502,131 | - | 258,349 |
| Net finance costs | (9,633) | (44,979) | 1,284 | (53,328) |
| Non-operating income | 290,207 | (288,322) | - | 1,885 |
| **Profit before changes in fair value of investment properties** | 36,792 | 168,830 | 1,284 | 206,906 |
| Changes in fair value of investment properties | - | (494,181) | - | (494,181) |
| **Profit/(Loss) before income tax** | 36,792 | (325,351) | 1,284 | (287,275) |
| Income tax (expense)/benefit | (4,433) | 16,917 | - | 12,484 |
| **Profit/(Loss) for the year** | 32,359 | (308,434) | 1,284 | (274,791) |

**Note to the pro forma adjustments to combined income statement for the year ended March 31, 2009:-**

(a) Being adjustment to effect the Acquisitions and Disposals on April 1, 2007. Arising from the Acquisitions and Disposals, it is assumed that the results of the entities within the Enlarged Group are included in the pro forma results from April 1, 2007, or the respective dates of incorporation of the entities, if later.

(b) Being adjustment to effect the Change in Capital Structure. The Change in Capital Structure is assumed to result in a decrease in finance costs of US$1,284,000 for the year ended March 31, 2009, arising from the novation of external bank loans on April 1, 2008.

| **Year ended March 31, 2010** | **Historical combined income statement US$'000** | **Pro forma adjustments Note (a) US$'000** | **Pro forma adjustments Note (b) US$'000** | **Unaudited pro forma income statement US$'000** |
|---|---|---|---|---|
| Revenue | 407,968 | 4,276 | - | 412,244 |
| Management fees | (35,101) | 25,137 | - | (9,964) |
| Property-related expenses | (53,683) | (1,248) | - | (54,931) |
| Other expenses | (22,057) | (29,891) | - | (51,948) |
| | 297,127 | (1,726) | - | 295,401 |
| Share of results (net of income tax) of jointly-controlled entities | 31,984 | (3,987) | - | 27,997 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 329,111 | (5,713) | - | 323,398 |
| Net finance costs | (60,468) | (142) | 5,577 | (55,033) |
| Non-operating expenses | (27,680) | 27,680 | - | - |
| **Profit before changes in fair value of investment properties** | 240,963 | 21,825 | 5,577 | 268,365 |
| Changes in fair value of investment properties | (369,006) | (8,041) | - | (377,047) |
| **Loss before income tax** | (128,043) | 13,784 | 5,577 | (108,682) |
| Income tax expense | (21,637) | 978 | - | (20,659) |
| **Loss for the year** | (149,680) | 14,762 | 5,577 | (129,341) |

**Note to the pro forma adjustments to combined income statement for the year ended March 31, 2010:-**

(a) Being adjustment to effect the Acquisitions and Disposals on April 1, 2007. Arising from the Acquisitions and Disposals, it is assumed that the results of the entities within the Enlarged Group are included in the pro forma results from April 1, 2007, or the respective dates of incorporation of the entities, if later.

(b) Being adjustment to effect the Change in Capital Structure. The Change in Capital Structure is assumed to result in a decrease in finance costs of US$5,577,000 for the year ended March 31, 2010, arising from the novation of external bank loans on April 1, 2008.

| **Three-month period ended June 30, 2010** | **Unaudited Historical combined income statement US$'000** | **Pro forma adjustment Note (c) US$'000** | **Pro forma adjustment Note (d) US$'000** | **Unaudited pro forma income statement US$'000** |
|---|---|---|---|---|
| Revenue | 110,941 | 977 | - | 111,918 |
| Management fees | (7,619) | 7,592 | - | (27) |
| Property-related expenses | (14,820) | (438) | - | (15,258) |
| Other expenses | (4,264) | (8,437) | - | (12,701) |
| | 84,238 | (306) | - | 83,932 |
| Share of results (net of income tax) of jointly-controlled entities | 38,956 | (1,914) | - | 37,042 |
| **Profit from operating activities after share of results of jointly-controlled entities** | 123,194 | (2,220) | - | 120,974 |
| Net finance costs | (6,741) | 21 | 882 | (5,838) |
| **Profit before changes in fair value of investment properties** | 116,453 | (2,199) | 882 | 115,136 |
| Changes in fair value of investment properties | 441,828 | 3,968 | - | 445,796 |
| **Profit before income tax** | 558,281 | 1,769 | 882 | 560,932 |
| Income tax expense | (57,725) | (694) | - | (58,419) |
| **Profit for the period** | 500,556 | 1,075 | 882 | 502,513 |

**Note to the pro forma adjustments to unaudited combined income statement for the three-month period ended June 30, 2010:-**

(a) Being adjustment to effect the Acquisitions and Disposals on April 1, 2007. Arising from the Acquisitions and Disposals, it is assumed that the results of the entities within the Enlarged Group are included in the pro forma results from April 1, 2007, or the respective dates of incorporation of the entities, if later.

(b) Being adjustment to effect the Change in Capital Structure. The Change in Capital Structure is assumed to result in a decrease in finance costs of US$882,000 for the three-month period ended June 30, 2010, arising from the novation of external bank loans on April 1, 2008.

## Unaudited Pro Forma Statements of Cash Flows for the year ended March 31, 2010 and for the three-month period ended June 30, 2010

The following adjustments have been made in arriving at the Unaudited Pro forma Statements of Cash Flows for the year ended March 31, 2010 and for the three-month period ended June 30, 2010:

| Year ended March 31, 2010 | Historical combined statement of cash flows US$'000 | Pro forma adjustments Note (a) US$'000 | Note (b) US$'000 | Unaudited pro forma statement of cash flows US$'000 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| (Loss)/Profit before income tax | (128,043) | 210,007 | 5,774 | 87,738 |
| Adjustments for: | | | | |
| Amortization of intangible assets | - | 3,440 | - | 3,440 |
| Amortization of transaction costs of bonds | 4,892 | - | - | 4,892 |
| Depreciation of plant and equipment | 35 | 714 | - | 749 |
| Loss on disposal of subsidiaries and jointly-controlled entities | 27,680 | (27,680) | - | - |
| Gain on remeasurement of previously held equity interest | - | (196,420) | - | (196,420) |
| Share of results of jointly-controlled entities | (31,984) | 3,987 | - | (27,997) |
| Changes in fair value of investment properties | 369,006 | 8,041 | - | 377,047 |
| Changes in fair value of financial derivatives | 3,510 | - | - | 3,510 |
| Impairment loss on loans and receivables | 124 | - | - | 124 |
| Interest income | (1,560) | (2) | | (1,562) |
| Interest expense | 66,953 | 84 | (5,774) | 61,263 |
| | 310,613 | 2,171 | - | 312,784 |
| Changes in working capital: | | | | |
| Trade and other receivables | (3,304) | (79,869) | - | (83,173) |
| Trade and other payables | (44,685) | 90,645 | - | 45,960 |
| Cash generated from operations | 262,624 | 12,947 | - | 275,571 |
| Income tax paid | (8,782) | 174 | - | (8,608) |
| **Cash flows from operating activities** | 253,842 | 13,121 | - | 266,963 |

| **Year ended March 31, 2010** | **Historical combined statement of cash flows US$'000** | **Pro forma adjustments Note (a) US$'000** | **Note (b) US$'000** | **Unaudited pro forma statement of cash flows US$'000** |
|---|---|---|---|---|
| **Investing activities** | | | | |
| Acquisition of subsidiaries, net of cash acquired | (65,720) | (404,154) | - | (469,874) |
| Acquisition of minority interests | (10,146) | - | - | (10,146) |
| Proceeds from liquidation of a subsidiary | - | 3,875 | - | 3,875 |
| Development expenditure on investment properties | (113,255) | - | - | (113,255) |
| Proceeds from disposal of investment properties | 9,860 | - | - | 9,860 |
| Disposal of subsidiary, net of cash disposed of | 12,250 | (12,250) | - | - |
| Purchase of plant and equipment | (6) | (2,273) | - | (2,279) |
| Interest income received | 1,560 | 2 | - | 1,562 |
| Dividends received from jointly-controlled entities | 6,305 | - | - | 6,305 |
| **Cash flows used in investing activities** | (159,152) | (414,800) | - | (573,952) |
| **Financing activities** | | | | |
| Capital contribution from related corporations | - | 409,301 | - | 409,301 |
| Proceeds from advances from | 6,193 | - | 313,600 | 319,793 |
| Proceeds from bank loans | 160,498 | - | - | 160,498 |
| Repayment of bank loans | (12,986) | - | (313,600) | (326,586) |
| Redemption of bonds | (42,622) | - | - | (42,622) |
| Redemption of preference shares | (30,673) | (36,448) | 5,102 | (62,019) |
| Deposits pledge | 7,250 | - | - | 7,250 |
| Interest expense paid | (67,121) | 36,449 | - | (30,672) |
| Dividends paid | (17,409) | - | - | (17,409) |
| **Cash flows from financing activities** | 3,130 | 409,302 | 5,102 | 417,534 |
| **Net increase in cash and cash equivalents** | 97,820 | 7,623 | 5,102 | 110,545 |
| **Cash and cash equivalents at beginning of year** | 304,147 | 12,250 | - | 316,397 |
| Effect of exchange rate changes on cash balances held in foreign currencies | 10,054 | 42 | - | 10,096 |
| **Cash and cash equivalents at end of year** | 412,021 | 19,915 | 5,102 | 437,038 |

**Notes to the pro forma adjustments to combined statement of cash flows for the year ended March 31, 2010:-**

(a) Being adjustment to effect the Acquisitions and Disposals on April 1, 2009. Arising from the Acquisitions and Disposals, it is assumed that the cash flows of the entities within the Enlarged Group are included in the pro forma statements of cash flows from April 1, 2009, or the respective dates of incorporation of the entities, if later.

(b) Being adjustment to effect the Change in Capital Structure. The Change in Capital Structure is assumed to result in a net cash inflow of US$5,102,000 for the year ended March 31, 2010, arising from the novation of external bank loans to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million each and reversal of finance costs paid of US$5,102,000.

| | Unaudited Historical combined statement of cash flows | Pro forma adjustments Note (c) | Note (d) | Unaudited pro forma statement of cash flows |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Three-month period ended June 30, 2010** | | | | |
| **Operating activities** | | | | |
| Profit before income tax | 558,281 | 1,769 | 882 | 560,932 |
| Adjustments for: | | | | |
| Amortization of intangible assets | - | 860 | - | 860 |
| Amortization of transaction costs of bonds | 1,430 | - | - | 1,430 |
| Depreciation of plant and equipment | 9 | 194 | - | 203 |
| Share of results of associates and jointly-controlled entities | (38,956) | 1,914 | - | (37,042) |
| Changes in fair value of investment properties | (441,828) | (3,968) | - | (445,796) |
| Changes in fair value of financial derivatives | (1,690) | - | - | (1,690) |
| Impairment loss on loans and receivables | (32) | - | - | (32) |
| Interest income | (235) | (2) | - | (237) |
| Interest expense | 17,003 | - | (882) | 16,121 |
| | 93,982 | 767 | - | 94,749 |
| Changes in working capital: | | | | |
| Trade and other receivables | (15,072) | (3,921) | - | (18,993) |
| Trade and other payables | (12,317) | (618) | - | (12,935) |
| Cash generated from operations | 66,593 | (3,772) | - | 62,821 |
| Income tax paid | (426) | (1,328) | - | (1,754) |
| **Cash flows from operating activities** | 66,167 | (5,100) | - | 61,067 |
| **Investing activities** | | | | |
| Acquisition of subsidiaries, net of cash acquired | 309 | (309) | - | - |
| Development expenditure on investment properties | (21,818) | - | - | (21,818) |
| Purchase of plant and equipment | (31) | (336) | - | (367) |
| Proceeds from disposal of plant and equipment | - | 1 | - | 1 |
| Interest income received | 235 | 2 | - | 237 |
| **Cash flows from investing activities** | (21,305) | (642) | - | (21,947) |

| | Unaudited Historical combined statement of cash flows US$'000 | Pro forma adjustments Note (c) US$'000 | Note (d) US$'000 | Unaudited pro forma statement of cash flows US$'000 |
|---|---|---|---|---|
| **Three-month period ended June 30, 2010** | | | | |
| **Financing activities** | | | | |
| Capital contribution from related corporations | 304 | - | - | 304 |
| Proceeds of advances from related corporations | 38,284 | (5,694) | - | 32,590 |
| Proceeds from bank loans | 181,578 | - | - | 181,578 |
| Repayment of bank loans | (34,986) | - | - | (34,986) |
| Proceeds from issue of bonds | 108,260 | - | - | 108,260 |
| Redemption of bonds | (223,491) | - | - | (223,491) |
| Interest expense paid | (17,011) | (8) | 284 | (16,735) |
| Dividends paid | (114,633) | - | - | (114,633) |
| **Cash flows from financing activities** | (61,695) | (5,702) | 284 | (67,113) |
| **Net increase in cash and cash equivalents** | (16,833) | (11,444) | 284 | (27,993) |
| Effect of exchange rate changes on cash balances held in foreign currencies | 10,402 | 178 | - | 10,580 |
| **Cash and cash equivalents at beginning of period** | 412,021 | 19,915 | 5,102 | 437,038 |
| **Cash and cash equivalents at end of period** | 405,590 | 8,649 | 5,386 | 419,625 |

**Notes to the pro forma adjustments to unaudited combined statement of cash flows for the three-month period ended June 30, 2010:-**

(a) Being adjustment to effect the Acquisitions and Disposals on April 1, 2009. Arising from the Acquisitions and Disposals, it is assumed that the cash flows of the entities within the Enlarged Group are included in the pro forma statements of cash flows from April 1, 2009, or the respective dates of incorporation of the entities, if later.

(b) Being adjustment to effect the Change in Capital Structure. The Change in Capital Structure is assumed to result in a net cash inflow of US$Nil million for the three-month period ended June 30, 2010, arising from the novation of external bank loans to a related corporation, with an accompanying increase in interest-free intercompany advances of US$313.6 million each and reversal of finance costs paid of US$284,000.

## 3 Intangible assets

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Goodwill | 374,360 | 374,360 |
| Trademark | 40,400 | 40,400 |
| Non-competition | 7,100 | 7,100 |
| | 421,860 | 421,860 |

## 4 Jointly-controlled entities

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Interests in jointly-controlled entities | 306,887 | 345,305 |
| Capital commitments in relation to interest in jointly-controlled entities | 7,165 | 7,165 |
| Proportionate interest in jointly-controlled entities' commitments | 152,951 | 75,220 |

## 5 Deferred tax

| | Assets US$'000 | Liabilities US$'000 |
|---|---|---|
| **March 31, 2010** | | |
| Unutilized tax losses | 7,606 | - |
| Investment properties | 11,479 | (134,433) |
| Interest rate swaps | 1,625 | - |
| Others | 825 | (759) |
| Total | 21,535 | (135,192) |
| **June 30, 2010** | | |
| Unutilized tax losses | 7,600 | - |
| Investment properties | 5,721 | (187,680) |
| Interest rate swaps | 1,617 | - |
| Others | 940 | (487) |
| Total | 15,878 | (188,167) |

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the balance sheets as follows:

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Deferred tax assets | 21,535 | 15,878 |
| Deferred tax liabilities | (135,192) | (188,167) |
| | (113,657) | (172,289) |

## 6 Other non-current assets

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Trade receivables | 12,894 | 10,339 |
| Prepayments | 1,865 | - |
| Others | 2,872 | 6,319 |
| | 17,631 | 16,658 |

## 7 Trade and other receivables

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Trade receivables | 9,657 | 13,995 |
| Impairment losses | (117) | (84) |
| Net trade receivables | 9,540 | 13,911 |
| Amounts due from related corporations: | | |
| - trade | 1,765 | - |
| - non-trade (interest-free) | 38 | 156 |
| Loans to minority interests (interest-bearing) | 974 | 1,272 |
| | 2,777 | 1,428 |
| Deposits | 51,933 | 36,820 |
| Other receivables | 3,812 | 17,757 |
| Impairment losses | (530) | (527) |
| | 3,282 | 17,230 |
| Prepayments | 8,521 | 21,115 |
| | 76,053 | 90,504 |

The non-trade amounts due from related corporations and loans to minority interests are unsecured and repayable on demand.

As at 30 June 2010, deposits include an amount of US$36,157,000 (March 31, 2010: US$47,577,000) in relation to the acquisition of new investments. Other receivables comprise principally interest receivables and other recoverables.

Loan to minority interests are interest-bearing, unsecured and repayable on demand. The effective interest rate of loans to minority interests as at June 30, 2010 and March 31, 2010 is 4.0% per annum.

## 8 Cash and cash equivalents

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Fixed deposits with financial institutions | 106,192 | 20,059 |
| Cash at banks | 321,826 | 398,145 |
| | 428,018 | 418,204 |

## 9 Share capital

| | March 31, 2010 No. of shares '000 | June 30, 2010 No. of shares '000 |
|---|---|---|
| **Fully paid ordinary shares, with no par value:** | | |
| At end of year/period | 1,933,211 | 1,933,211 |

## 10 Loans and borrowings

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Secured bank loans | 304,549 | 427,436 |
| Secured bonds | 2,172,728 | 2,388,335 |
| Unsecured bank loans | 17,554 | 33,194 |
| | 2,494,831 | 2,848,965 |
| **Current liabilities** | | |
| Secured bank loans | 35,605 | 52,356 |
| Secured bonds | 532,448 | 321,087 |
| Unsecured bank loans | 4,096 | 4,112 |
| | 572,149 | 377,555 |

## 11 Other non-current liabilities

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Security deposits received | 113,004 | 117,437 |
| Payable for acquisition of investment properties | 11,703 | 11,750 |
| | 124,707 | 129,187 |

## 12 Trade and other payables

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Trade payables | 70,605 | 39,727 |
| Accruals | 19,171 | 17,207 |
| Advance rental received | 32,058 | 33,773 |
| Security deposits received | 12,631 | 10,701 |
| Non-trade amounts due to related corporations | 1,476,029 | 1,526,918 |
| Dividends payable | 64,810 | - |
| Other payables | 20,896 | 59,055 |
| | 1,696,200 | 1,687,381 |

Amounts due to related corporations (including the immediate holding company) are unsecured, interest-free and repayable on demand.

Accruals include accrued operating and development expenditure. Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

## 13 Revenue

| | Year ended March 31, 2008 US$'000 | Year ended March 31, 2009 US$'000 | Year ended March 31, 2010 US$'000 | Three-month period ended June 30, 2010 US$'000 |
|---|---|---|---|---|
| Rental and related revenue | 249,793 | 355,089 | 412,244 | 111,918 |

## 14 Net finance costs

| | Year ended March 31, 2008 US$'000 | Year ended March 31, 2009 US$'000 | Year ended March 31, 2010 US$'000 | Three-month period ended June 30, 2010 US$'000 |
|---|---|---|---|---|
| Interest income on fixed deposits | 1,092 | 2,114 | 511 | 84 |
| Interest income from minority interests | - | - | 39 | 12 |
| Interest income from others | 1,014 | 2,048 | 1,012 | 141 |
| Foreign exchange (loss)/gain | (2,142) | (1,772) | 13,266 | 9,786 |
| Finance income | (36) | 2,390 | 14,828 | 10,023 |
| Amortization of transaction costs of bonds | (2,464) | (3,454) | (4,892) | (1,430) |
| Interest paid and payable to: | | | | |
| - Bonds | (31,076) | (44,468) | (50,126) | (11,911) |
| - Bank loans | (6,591) | (7,865) | (10,972) | (4,218) |
| - Minority interests | (281) | (419) | - | - |
| - Others | - | - | (529) | - |
| Total borrowing costs | (40,412) | (56,206) | (66,519) | (17,559) |
| Less: Borrowing costs capitalized in investment properties | - | 30 | 168 | 8 |
| Net borrowing costs | (40,412) | (56,176) | (66,351) | (17,551) |
| Changes in fair value of financial derivatives | (23,715) | 458 | (3,510) | 1,690 |
| Net finance costs recognized in profit or loss | (64,163) | (53,328) | (55,033) | (5,838) |

## 15 Profit/(Loss) before income tax

The following items have been included in arriving at profit/(loss) before income tax:

| | 2008 US$'000 | 2009 US$'000 | 2010 US$'000 | Three-Month period ended June 30, 2010 US$'000 |
|---|---|---|---|---|
| Staff costs | (8,121) | (14,454) | (20,234) | (5,079) |
| Contributions to defined contribution plans, included in staff costs | (661) | (1,161) | (1,104) | (303) |
| Amortization of intangible assets | (3,440) | (3,440) | (3,440) | (860) |
| Depreciation of plant and equipment | (456) | (738) | (750) | (203) |
| Operating expenses arising from investment properties # | (45,375) | (75,503) | (79,946) | (20,364) |
| Loss on liquidation of a subsidiary | (5,448) | - | - | - |
| Loss on disposal of jointly-controlled entities | (273) | - | - | - |
| Gain on disposal of investment properties(net) | - | 1,885 | - | - |
| Negative goodwill on acquisition of subsidiaries | 295,676 | - | - | - |
| Gain on remeasurement of previously held equity interest | 196,420 | - | - | - |
| Reversal of impairment loss/(impairment loss) on trade receivables | - | - | (124) | 32 |
| Operating lease expense | (959) | (1,739) | (2,672) | (690) |
| Management fees: | | | | |
| - Asset management | (9,040) | (13,163) | (4,781) | (27) |
| - Investment management | (1,202) | (1,200) | (5,183) | - |

#: include staff costs, asset management fees and property-related expenses

## 16 Income tax (expense)/benefit

| | Year ended March 31, 2008 US$'000 | Year ended March 31, 2009 US$'000 | Year ended March 31, 2010 US$'000 | Three-month period ended June 30, 2010 US$'000 |
|---|---|---|---|---|
| **Current tax** | | | | |
| Current year | (3,706) | (5,040) | (5,998) | (766) |
| Withholding tax | (1,918) | (1,735) | (3,006) | (2,488) |
| | (5,624) | (6,775) | (9,004) | (3,254) |
| **Deferred tax** | | | | |
| Origination and reversal of temporary differences | (4,841) | 19,259 | (11,655) | (55,165) |
| | (4,841) | 19,259 | (11,655) | (55,165) |
| | (10,465) | 12,484 | (20,659) | (58,419) |

***Reconciliation of expected pro forma income tax expense/(benefit) to actual income expense/(benefit)***

| | **Year ended March 31, 2008 US$'000** | **Year ended March 31, 2009 US$'000** | **Year ended March 31, 2010 US$'000** | **Three-month period ended June 30, 2010 US$'000** |
|---|---|---|---|---|
| Profit/(Loss) before income tax | 598,783 | (287,275) | (108,682) | 560,932 |
| Less: Share of results of jointly- controlled entities | (10,601) | (6,708) | (27,997) | (37,042) |
| Profit/(Loss) before share of results of jointly-controlled entities and income tax | 588,182 | (293,983) | (136,679) | 523,890 |
| Income tax (benefit)/expense using Singapore tax rate as of March 31, 2008: 18%, March 31, 2009, March 31, 2010 and June 30, 2010: 17% | 105,873 | (49,978) | (23,235) | 89,061 |
| Effect of tax rates in foreign jurisdictions | (14,034) | 29,220 | 34,102 | (31,805) |
| Non-deductible expenses | 3,155 | 4,344 | 7,392 | 767 |
| Net income not subject to tax | (87,597) | - | (2,451) | (1,958) |
| Deferred tax assets not recognized | 1,820 | 2,312 | 4,049 | 374 |
| Tax losses not available for carry-forward | 31 | 29 | - | - |
| Utilization of previously unrecognized tax losses | (676) | (74) | (2,204) | - |
| Withholding tax on dividend income from foreign subsidiaries | 1,918 | 1,735 | 3,006 | 2,488 |
| Others | (25) | (72) | - | (508) |
| | 10,465 | (12,484) | 20,659 | 58,419 |

## 17 Notes to the pro forma statements of cash flows

(i) The unaudited pro forma statements of cash flows for the year ended March 31, 2010 have been prepared assuming that the following subsidiaries were acquired on April 1, 2009 as follows:

| Name of subsidiaries | Equity interest acquired % |
|---|---|
| Misato Two Pte Ltd | 100 |
| Misato Two Logistics SPC | 100 |
| GLP Guangzhou Warehousing Co., Ltd | 100 |
| Vailog Hong Kong DC3 Ltd | 90 |
| Shanghai Weiluo Storage Services Co., Ltd | 100 |
| Vailog Hong Kong DC6 Ltd | 90 |
| Vailog (Kunshan) Storage Co., Ltd | 100 |
| Global Logistic Properties Holdings Limited | 50(1) |
| Global Logistic Properties Investment (China) Co., Ltd | 50(1) |
| Global Logistic Properties Suzhou Share Service Co., Ltd | 50(1) |
| Global Logistic Properties Inc. | 50(1) |
| GLP Shinkiba YK | 50(1) |
| GLP Urayasu YK | 50(1) |
| GLP Shinsuna YK | 50(1) |
| GLP Narita YK | 50(1) |
| GLP Tatsumi YK | 50(1) |
| GLP Tokyo YK | 50(1) |
| GLP Tokai YK | 50(1) |
| GLP Fukusaki YK | 50(1) |
| GLP Narashino YK | 50(1) |
| GLP Hachioji YK | 50(1) |
| GLP Kazo YK | 50(1) |
| GLP Funabashi YK | 50(1) |
| GLP Osaka YK | 50(1) |
| GLP Yokohama YK | 50(1) |
| GLP Narashino Two YK | 50(1) |
| GLP Sugito YK | 50(1) |
| GLP Funabashi Two YK | 50(1) |
| GLP Urayasu Three YK | 50(1) |
| GLP Misato YK | 50(1) |
| GLP Tomiya YK | 50(1) |
| GLP Narita Two YK | 50(1) |
| GLP Maishima One YK | 50(1) |
| GLP Koshigaya Two YK | 50(1) |
| GLP Maishima Two YK | 50(1) |
| GLP Tokyo Two YK | 50(1) |
| GLP Sendai YK | 50(1) |
| GLP Hayashima Two YK | 50(1) |
| GLP Tomisato YK | 50(1) |
| GLP Amagasaki YK | 50(1) |
| GLP Sugito Two YK | 50(1) |

| Name of subsidiaries | Equity interest acquired % |
|---|---|
| GLP Tosu One GK | 50[1] |
| GLP Komaki YK | 50[1] |
| GLP Koriyama One GK | 50[1] |
| GLP Kiyama GK | 50[1] |
| GLP Misato Two GK | 50[1] |

[1] Percentage held by the Group subsequent to the acquisition is 100%

**Effects of acquisitions**

The cash flow and the net assets of subsidiaries assumed to be acquired on April 1, 2009 are as follows:

| | Recognized values on acquisition US$'000 |
|---|---|
| Investment properties | 147,721 |
| Intangible assets | 47,500 |
| Plant and equipment | 843 |
| Deferred tax assets | 1,059 |
| Trade and other receivables | 11,125 |
| Cash and cash equivalents | 12,336 |
| Loans and borrowings | (42,567) |
| Deferred tax liabilities | (2,275) |
| Trade and other payables | (39,854) |
| Current tax payable | (42) |
| Minority interests | (38,042) |
| Net assets acquired | 97,804 |
| Goodwill | 384,406 |
| Purchase consideration | 482,210 |
| Cash of subsidiaries acquired | (12,336) |
| **Cash outflow on acquisition of subsidiaries** | 469,874 |

(ii) The unaudited pro forma statements of cash flows for the three-month period ended June 30, 2010 have been prepared assuming that the following subsidiaries were acquired on April 1, 2009 as follows:

| Name of subsidiaries | Equity interest acquired % |
|---|---|
| Vailog (Kunshan) Storage Co., Ltd. | 90 |
| Shanghai Weiluo Storage Services Co., Ltd. | 90 |

**Effects of acquisitions**

The cash flow and the net assets of subsidiaries assumed to be acquired on April 1, 2009 are as below:

| | **Recognized values on acquisition US$'000** |
|---|---|
| Investment properties | 323 |
| Trade and other receivables | 2 |
| Cash and cash equivalents | 6,003 |
| Trade and other payables | (1) |
| Minority interests | (633) |
| Net assets acquired | 5,694 |
| | |
| Purchase consideration | (5,694) |
| Cash of subsidiaries acquired | 6,003 |
| **Cash inflow on acquisition of subsidiaries** | 309 |

## 18 Operating segments

The Group has two reportable segments, representing its operations in Japan and China, which are managed separately due to the different geographical locations. The pro forma segment information presented in the tables below is prepared as if the Group's Chief Operating Decision Maker has been receiving and reviewing the internal management reports on these segments on a pro forma basis.

## Information about reportable segments

| | PRC | | | | Japan | | | | Others | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2008 US$'000 | March 31, 2009 US$'000 | March 31, 2010 US$'000 | June 30, 2010 US$'000 | March 31, 2008 US$'000 | March 31, 2009 US$'000 | March 31, 2010 US$'000 | June 30, 2010 US$'000 | March 31, 2008 US$'000 | March 31, 2009 US$'000 | March 31, 2010 US$'000 | June 30, 2010 US$'000 | March 31, 2008 US$'000 | March 31, 2009 US$'000 | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
| ***Revenue and expenses*** | | | | | | | | | | | | | | | | |
| External revenue | 22,357 | 42,458 | 64,920 | 20,021 | 227,436 | 312,631 | 347,324 | 91,897 | - | - | 8,895 | 2,544 | 249,793 | 355,089 | 421,139 | 114,462 |
| Inter-segment revenue | - | - | - | - | - | - | - | - | - | - | (8,895) | (2,544) | - | - | (8,895) | (2,544) |
| Total revenue | 22,357 | 42,458 | 64,920 | 20,021 | 227,436 | 312,631 | 347,324 | 91,897 | - | - | - | - | 249,793 | 355,089 | 412,244 | 111,918 |
| Adjusted EBIT | 4,372 | 497 | 45,170 | 42,893 | 162,016 | 255,389 | 278,360 | 86,104 | (2) | (420) | 4,733 | 2,023 | 166,386 | 255,466 | 328,263 | 131,020 |
| Net interest expenses | (5,029) | (4,620) | (9,890) | (3,596) | (30,813) | (43,940) | (50,008) | (12,288) | - | - | - | - | (35,842) | (48,560) | (59,898) | (15,884) |
| Changes in fair value of investment properties | 27,567 | 14,600 | 95,541 | 153,162 | (45,701) | (508,781) | (472,588) | 292,634 | - | - | - | - | (18,134) | (494,181) | (377,047) | 445,796 |
| Net non-operating income relating to acquisition/liquidation of subsidiaries and jointly-controlled entities | 405,152 | - | - | | 81,221 | - | - | | - | - | - | | 486,373 | - | - | |
| Profit/(Loss) before tax | 432,062 | 10,477 | 130,821 | 192,459 | 166,723 | (297,332) | (244,236) | 366,450 | (2) | (420) | 4,733 | 2,023 | 598,783 | (287,275) | (108,682) | 560,932 |
| Income tax expense | (6,345) | (4,603) | (33,418) | (39,621) | (4,120) | 17,087 | 12,759 | (18,798) | - | - | - | - | (10,465) | 12,484 | (20,659) | (58,419) |
| Profit/(Loss) after tax | 425,717 | 5,874 | 97,403 | 152,838 | 162,603 | (280,245) | (231,477) | 347,652 | (2) | (420) | 4,733 | 2,023 | 588,318 | (274,791) | (129,341) | 502,513 |
| ***Significant non-cash item*** | | | | | | | | | | | | | | | | |
| Depreciation and amortization | (4,301) | (5,383) | (2,939) | (747) | (3,659) | (4,649) | (6,143) | (1,759) | - | - | - | - | (7,960) | (10,032) | (9,082) | (2,506) |

| | PRC | | Japan | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2010 US$'000 | June 30, 2010 US$'000 | March 31, 2010 US$'000 | June 30, 2010 US$'000 | March 31, 2010 US$'000 | June 30, 2010 US$'000 | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
| ***Assets and liabilities*** | | | | | | | | |
| Investment properties | 1,269,533 | 1,455,072 | 5,259,440 | 5,803,481 | - | - | 6,528,973 | 7,258,553 |
| Jointly-controlled entities | 306,887 | 345,305 | - | - | - | - | 306,887 | 345,305 |
| Other segment assets | 466,447 | 525,832 | 495,613 | 435,907 | 5,696 | 4,185 | 967,756 | 965,924 |
| Reportable segment assets | 2,042,867 | 2,326,209 | 5,755,053 | 6,239,388 | 5,696 | 4,185 | 7,803,616 | 8,569,782 |
| Loans and borrowings | (268,359) | (305,770) | (2,798,621) | (2,920,750) | - | - | (3,066,980) | (3,226,520) |
| Other segment liabilities | (169,537) | (215,787) | (907,099) | (873,446) | (913,740) | (952,316) | (1,990,376) | (2,041,549) |
| Reportable segment liabilities | (437,896) | (521,557) | (3,705,720) | (3,794,196) | (913,740) | (952,316) | (5,057,356) | (5,268,069) |

## 19 Earnings/(Loss) per share

Basic and diluted earnings/(loss) per share are based on:

| | Year ended March 31, 2008 US$'000 | Year ended March 31, 2009 US$'000 | Year ended March 31, 2010 US$'000 | Three-month period ended June 30, 2010 US$'000 |
|---|---|---|---|---|
| Net profit /(loss) attributable to ordinary shareholders | 576,604 | (288,207) | (156,347) | 489,994 |

| **Weighted average number of shares** | Number of shares March 31, 2008 ('000) | Number of shares March 31, 2009 ('000) | Number of shares March 31, 2010 ('000) | Number of shares June 30, 2010 ('000) |
|---|---|---|---|---|
| Issued ordinary shares at April 1 | * | * | * | * |
| Sub-division of ordinary shares, via share split | 366,071 | 366,071 | 366,071 | 366,071 |
| Issue of ordinary shares for the acquisition of entities under common control | 1,567,140 | 1,567,140 | 1,567,140 | 1,567,140 |
| Weighted average number of shares at March 31/ June 30 | 1,933,211 | 1,933,211 | 1,933,211 | 1,933,211 |

** Comprising 2 ordinary shares.*

For purposes of earnings per share computation, the number of shares as at March 31, 2008, 2009 and 2010 and June 30, 2010 comprise the ordinary shares in the Company and the number of shares issued as a result of the Acquisitions and Disposals, and the Change in Capital Structure.

## 20 Commitments

The Group had the following commitments as at the balance sheet date:-

### (a) Operating lease commitments

### *(i) Operating lease rental payable*

Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Lease payments payable: | | |
| - Within 1 year | 1,494 | 2,714 |
| - After 1 year but within 5 years | 821 | 926 |
| | 2,315 | 3,640 |

### *(ii) Operating lease rental receivable*

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Lease rentals receivable: | | |
| - Within 1 year | 406,404 | 428,586 |
| - After 1 year but within 5 years | 1,199,157 | 1,240,438 |
| - After 5 years | 1,040,839 | 1,049,527 |
| | 2,646,400 | 2,718,551 |

### (b) Other commitments

| | March 31, 2010 US$'000 | June 30, 2010 US$'000 |
|---|---|---|
| Commitments in relation to share capital of subsidiaries not yet due and not provided for | 97,520 | 105,266 |
| Commitments in relation to share capital of subsidiaries due but not provided for | 71,851 | 53,290 |
| Development expenditure contracted but not provided for | 91,204 | 92,208 |

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Global Logistic Properties

普洛斯

(Company Registration Number: 200715832Z)
(Incorporated in Singapore on August 28, 2007)

**Global Logistic Properties Limited**

Registered Office:
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623