Outlook

Edison investment research

19 September 2008

China Real Estate Opportunities

Six Months to	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	NAV/ share (p)	Discount to NAV (%)
06/08	14.2	(21.4)	(0.42)	0.0	974	36

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: China growth story

CREO is an established Chinese property investor, with seven properties in three of the PRC's leading cities. We expect it to add to and unlock the value in its portfolio quite rapidly via active management, refurbishment and development. The seven properties held are diversified by sector and geography. Well-let commercial property located in Shanghai is supplemented by development projects in that city and elsewhere. These include a logistics park near Beijing's international airport and a mixed residential, retail and leisure scheme on a new marina in Qingdao, China's third largest port and the venue for the Beijing Olympics sailing competition.

Interim statement: Development to start in Q408

Refurbishment and development picked up momentum in H1. Construction is due to get underway shortly in Shanghai, Beijing and Qingdao. As a result of the acquisition of two adjacent sites in H1, the latter scheme evolved into a 430,000m² mixed residential, leisure and commercial development.

Sensitivities

China is not immune to issues affecting other economies; reflected in higher inflation and GDP growth below target, although the latter remains ahead of mature economies. Substantial development is underway, but demand is underpinned by a growing urban population, wealth and government investment in infrastructure.

Financials

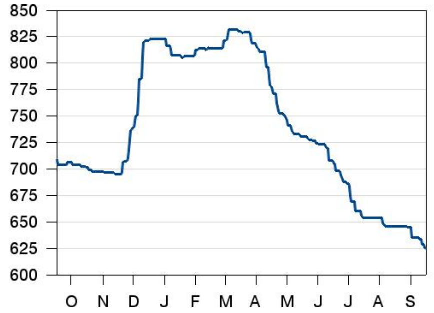
The group is in the relatively early phases of investment and pre-development and plans further additions to the portfolio. Headline interim PBT of £15m included a £34.6m valuation gain and £13.6m net rents. At the mid-year, the average loan/value for the aggregate portfolio was 36.6%, or 44.5% in terms of debt secured directly on its investments in Shanghai. Borrowing will increase as development gets underway.

Valuation: 36% NAV discount, upside from development

The shares are attractive at a 36% discount to the recent external valuation of the portfolio. The outlook is further NAV growth due to (1) Renminbi appreciation since the mid-year, (2) the continuing upgrade and refurbishment of the investment portfolio, (3) the c 260p/share of further value that we estimate CREO could potentially extract from its existing developments over the next one-to-four years.

Price	622p
Market Cap	£318m

Share price graph



Share details

Code	CREO
Listing	AIM
Sector	Real Estate
Shares in issue	51.2m

Price

	High	Low
52 week	832.0p	622.0p

Balance Sheet as at 30 June 2008

Debt/Equity (%)	35
NAV per share (p)	974
Net borrowings (£m)	175

Business

China Real Estate Opportunities is an investor and developer of high-quality property in China. It holds a portfolio of rented commercial property in Shanghai, with developments due to get underway in Beijing and Qingdao in Q408.

Geography based on revenues

UK	Europe	US	Other
0%	0%	0%	100%

Analyst

Roger Leboff 020 3077 5700

rleboff@edisoninvestmentresearch.co.uk

China Real Estate Opportunities is a research client of Edison Investment Research Limited

Investment summary: China growth story

Company description

CREO is a property investment fund. It listed on AIM in July 2007 with a strategy is to grow asset value via the active management, ie investment and development, of high-quality property in China. It will focus on a portfolio of rent-producing commercial property in high-growth, tier-one cities. CREO has a portfolio of seven properties, three investments in Shanghai and four developments, two in Shanghai, one each in Beijing and Qingdao. The fund is managed by Treasury Holdings China Ltd (THCL), a subsidiary of Treasury Holdings, a global property company with an estimated €5bn international portfolio. Treasury has a four-year track record in the Chinese property market and THCL has an experienced management team and a staff of over 70 in China.

Valuation

The shares have fallen 25% from their peak of 832p in March and are currently at a 36% discount to their mid-year diluted NAV/share of £9.74m, up 26.5% y-o-y. We believe this reflects the general malaise affecting the sector. During the last two half-year periods, the open market value of CREO's investment properties increased by 6.7% (Jun-Dec 07) and 4.4% (Dec 07-Jun 08), or, including developments, 8.6% and 9.9%, respectively. At the mid-year, at a prevailing exchange rate of RMB13.7/£1, CREO's portfolio was valued at £760m. For illustration, sterling's fall since to RMB12.1/£1 would push that figure up to £857m. Based upon CBRE's mid-year appraisals of development timeframes, gross values and profit margins, there is the potential for CREO to add a further 260p/share to NAV at current exchange rates.

Sensitivities

We identify five issues: (1) China's economy and political environment; (2) the cyclicality of the property market and CREO's ability to chart a course to capitalise upon it; (3) the risks inherent in construction of substantial development projects; (4) exposure to foreign-exchange fluctuations; and (5) short lease structures and factors inherent to Chinese property investment.

Financials

The group is at an early stage in its evolution, acquiring property and yet to commence its first major development. The interim balance sheet benefited from further increases in property values during the first half and RMB vs sterling and other currencies, with two-thirds of debt foreign-currency-denominated. The overall L:V for portfolio was 36.6%. First-half headline pre-tax profit of £15m included £34.6m of valuation gains on the investment portfolio, ie non-cash.

Exhibit 1: Interim results to end June

Note: Figures in £m except per share data

	Revenues			Profit			NAV/Share		
	Gross Rents	Net Rents	Valuation Gains	PTP	EPRA PTP	EPRA EPS	Ord. Basic	Ord. Diluted	EPRA
2007	0.0	0.0	0	(3.1)	(3.1)	(19p)	6.54	6.46	8.34
2008	14.2	13.6	34.6	15.1	(21.4)	(42p)	7.58	7.48	9.74

Source: CREO interim results RNS

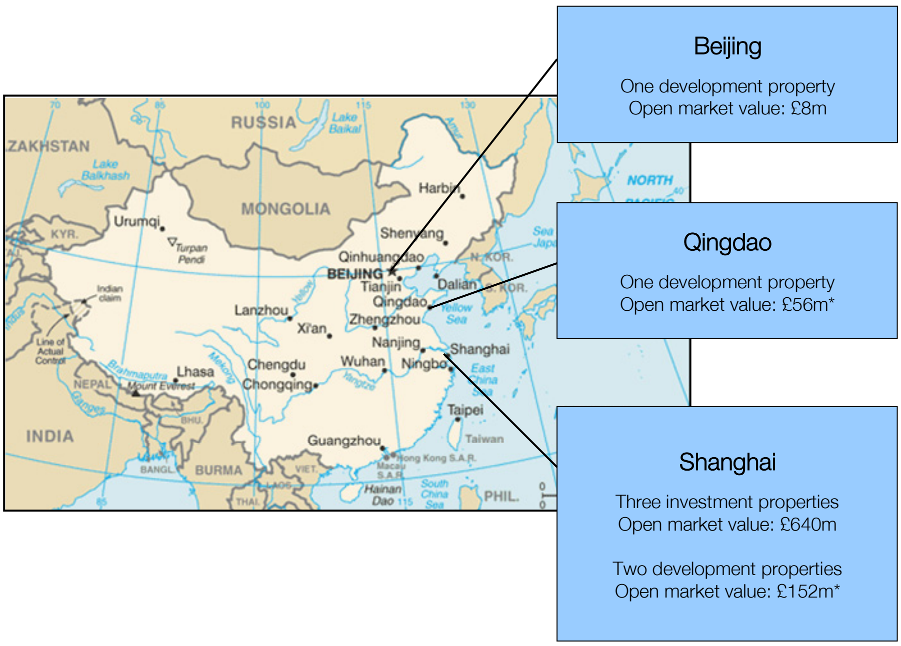
Commercial property investment in China's key cities

CREO provides investors with access to the Chinese property market. The strategy is to leverage the group's competitive advantages in order to add value to the portfolio over the short- to medium-term, through active management, refurbishment and development.

The current portfolio comprises seven properties, with exposure to three leading Chinese cities: Shanghai, Beijing and Qingdao (China's third largest port and location for the Olympic Games sailing regatta). There is also a pipeline of further acquisitions, both in existing locations and other regional cities. The structure provides a number of advantages for investors. These include access to:

- An existing portfolio diversified by sector, geography and lifecycle (Exhibit 2). Development risks will be balanced by: (1) the manager's emphasis on establishing a portfolio of income-producing commercial properties in proven locations; and (2) a weighting towards to commercial, rather than residential, property.
- A management team permanently located in China. The fund manager, THCL, employs an experienced team of property professionals that should ensure consistent application of the strategy to promote medium- to long-term growth.
- Further capital, local contacts and banking relationships.

Exhibit 2: Portfolio distribution



Source: Company Accounts (CNY 12.1/£1)   *Adjusted for CREO share

Interim results: 20% growth in values in first half

The fund recently announced its interim results for the six months to end June 2008. At the mid-year, it held a portfolio independently valued at £760m, a like-for-like increase of c 20% over the previous six-month period. The figures in exhibit 2 above are at current exchange rates.

Portfolio: Adding value in prime locations

CREO acquires properties in prime locations for their category, where it sees an opportunity to add value in the short-term via application of the manager's skills and experience. For example, the upgrade and modernisation of its office and retail investments in Shanghai is expected to attract international tenants seeking higher-specification space and will enable it to push up rents. The manager will apply expertise attained in China and elsewhere to maximise its appeal to tenants.

Exhibit 3: Existing Portfolio

Investment Property		
Shanghai	City Center Phase 1, Changning District	The City Center properties, 1, 3 & 5 (see below) are adjacent sites. CREO plans to refurbish and redevelop the two 25-storey office towers and six-storey shopping centre. This would increase the gross floor area (GFA) by c.73% to over 320,000m² and move existing retail and office upmarket. Phases will be linked physically.
Shanghai	Central Plaza, Huangpu District	A fully let, 22-storey/38,283 m² building (19 office floors above a three-storey retail podium) completed in 1998. It is located on People's Square, opposite the Shanghai Art Gallery and the Grand Theatre. To take advantage of refurbishment potential, CREO plans to upgrade the quality of both the office and retail space, broaden its appeal to increase its rental value by an estimated 35%.
Shanghai	Treasury Building, Changning District	A fully let 12-storey (10 office floors/19,569 m², two retail floors/2,738 m²) building completed in 2007. Recent increases in market rents provide potential for income growth as tenancies are reviewed over the next one-to-three years. Treasury China Holdings occupies the top floor.
Development Projects		
Shanghai	City Center Phase 3 Changning District	This project is the refurbishment of an existing mixed-use office and retail development in two phases, with completion due in June 2010.
Shanghai	City Center Phase 5 Changning District	CREO has a 5% interest in a 50/50 JV development project between LVMH Moët Hennessy Louis Vuitton and Sociedade de Turismo e Diversoes de Macau. This development, which has a total GFA of 73,986m² will include 20-storeys of Grade A offices and a three-storey luxury retail development.
Beijing	Beijing Logistics Park	An airport logistics development comprising one and two-storey warehousing, located close to Beijing Airport. The units would have a total GFA of 75,028m². Construction is due to start in Q408, with completion in Spring 2009.
Qingdao	Tangdao Bay Ocean Village, Three adjacent sites at Binhai Road, Huangdao District	A 38 acre waterfront site in a popular holiday resort in Shandong Province. Qingdao was the venue for the yachting competition in the recent Beijing Olympics. CREO has plans for a mixed 430,000m² hotel, residential, retail and office development. This project is a 50/50 JV between CREO and SIIC, an entity owned by the Shanghai Municipality. Construction is due to start in November 2008 and the development will be phased, with completion in October 2010.

Source: China Real Estate Opportunities

Some 93% of the portfolio by value was located in Shanghai at the mid-year stage. That proportion will reduce as developments progress over the next 6-18 months. The profile reflects the initial focus on income-yielding commercial property in China's leading, high-growth business locations.

Exhibit 4: Portfolio valuation

Projects	CREO Acquisition Price (July 2007)	Year End Valuations (Dec 2007)	Mid Year Valuations (Jun 2008)
	£	£	£
City Center 1&3	400	451	533
Central Plaza	97	105	117
Treasury Building	37	41	46
Beijing Logistics Park	6	6	7
Tangdao Bay, Qingdao (50%)	23	27	50
City Center (5%)	5	6	7
	567	635	760

Source: CREO Announcements/Valuations by CB Richard Ellis (CNY/£ at end Jun 2008)

The Manager: Treasury Holdings

CREO receives investment advisory services from Treasury Holdings China Ltd (THCL), which will also provide development management and project management services. THCL is a subsidiary of Treasury Holdings, a global real estate company founded in Ireland with a €5bn investment and development portfolio (GDV €15bn), which includes property in the UK, Ireland, Sweden, Russia and China. Treasury is an experienced operator in the Chinese property market. It has been located in the country for the last four years, where some 70 of its 190 employees are permanently located. Treasury's senior management has a combined 70 years experience of business in China and over 60 years in the property market generally.

The management agreement runs for a minimum of three years from CREO's AIM admission in July 2007 and is thereafter subject to a 12-month rolling contract. Treasury is entitled to receive the following fees:

- An advisory fee of 1% pa of the value of the group's property portfolio.
- A development management fee of 1.5% of the completed value of the development.
- A project management fee of 1.5%of the increase in value of the property.

Performance fee: Paid in shares for 2007

Treasury is also entitled to a performance fee. This will be payable if, during the relevant calculation period, the NAV/share increases by more than 8% pa. The performance fee will be:

- 20% of the increase in NAV between 8% and 20% pa, and 25% above 20% pa.

The fee will typically be paid 50/50 in cash and shares, the latter subject to a cap of 10% of the issued share capital at the time of issue, and will not take Treasury beyond the point where it would be obliged to make a mandatory offer for CREO.

On 9 July 2008, CREO reported that Treasury was due a performance fee of £3.59m in respect of the period ended 31 December 2007. It elected to accept the entire fee in new CREO shares and 420,653 new ordinary shares were issued, ie performance fee/year end NAV/share of £8.37.

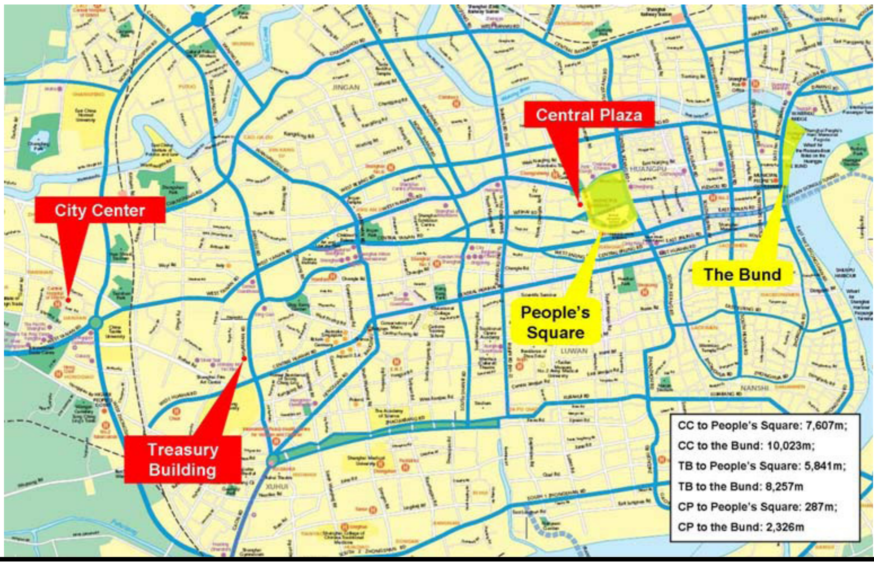
Investment focus: Shanghai commercial property

The group has a well-located, diversified property portfolio and a pipeline of potential additions. The investment portfolio, ie revenue-generating properties, is currently located entirely in Shanghai, China's key commercial city, in proven office and retail centres. Growth potential resides in: (a) rental growth on reviews over the next one-to-three years; and (b) refurbishment and redevelopment/extension of existing schemes. The group's two other developments are in Beijing and Qingdao, in prime locations for the proposed projects, with infrastructure in place.

Shanghai: City overview

Shanghai is China's largest and probably most international city. It is a key contributor to China's economy and the key city in a region of c 60m people. According to the Shanghai Statistics Bureau, the city's permanent population of 18.6m generated GDP of RMB 1,200bn (£88bn) in 2007, up 13.3% y-o-y. Some RMB 130.75bn (£9.6bn) was invested in property, up 2.5% y-o-y.

Exhibit 5: CREO investments in Shanghai



Source: China Real Estate Development

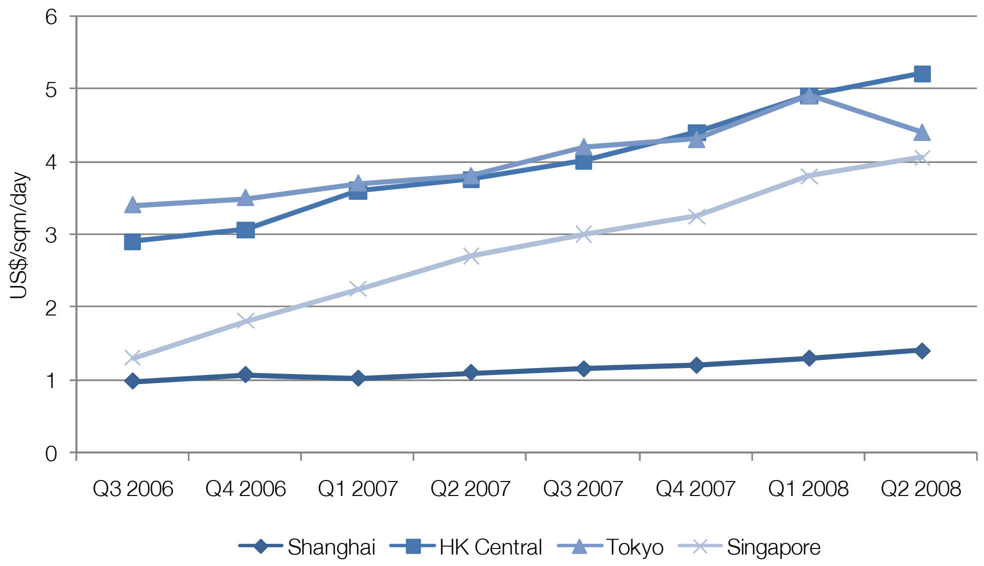
Since the early 1990s, Shanghai has seen reforms designed to create one of the world's leading economic, financial, trading and shipping centres and by 2020, the Far East's financial centre. The total office stock is estimated to have increased from 1.5m m^2 to 13m m^2 since 1990. Demand has, however, been sufficient to keep vacancy rates modest and rents and values on a rising trend.

Offices: Steady demand despite new supply

China's property market is experiencing a long-term bull market, supported by investment and demographic shifts that should help ensure that any valuation setback is a temporary phenomenon. Shanghai is similarly in the midst of a commercial property boom, which in August saw the launch of China's tallest building, the 101-storey Shanghai World Financial Centre, built by a Japanese developer. This new building will be an interesting test of occupier appetite; it opened at 45% occupancy and is Shanghai's most expensive office space.

Although there is a pipeline of new commercial space due to hit the market over the next few years, local agents still expect pent up demand to be sufficient to support rents and valuations. Local office rents are well below the region's other financial centres (Exhibit 6).

Exhibit 6: Office Rents Comparison



Source: Jones Lang LaSalle Research – Tokyo (Gross Rent), Singapore (net effective rent), Hong Kong Central (net effective rent on Net Floor Area) Shanghai (Net Effective Rent)

The possibility of further deregulation of the financial services sector, including full renminbi convertibility, would provide further impetus. Consolidation of the Chinese property industry is also broadly positive.

According to CBRE, some 325,000m² was added to the city's office stock during Q108, in seven new buildings, approx. 74% Grade A. Demand for Grade-A office space in Q108 came from both foreign and local tenants, although the overall vacancy rate increased by 1% to 4.3% by end-Q108. Office rents grew by an average of 4.4% in Q108 (Grade A 4.5%/Grade B 1.6%).

The strength of interest from international occupiers was illustrated this month by General Motors Corporation's commitment to a new US$250m corporate campus in Shanghai. The 120,000m² GM Asia Pacific and China Headquarters and Center for Advanced Research and Science will be located in the Jinqiao district of Shanghai's Pudong New Area. This location is close to GM's Shanghai joint ventures and its local parts distribution centre. The facility will be built in multiple phases, with the first scheduled to open in late 2009.

Retail: Positive dynamics

According to CBRE, the supply of prime retail developments will remain fairly tight through 2008 and 2009 and reach its peak in 2010. The region's growing urbanisation and improvements to infrastructure will mean a greater supply of secondary retail space. Current availability of space in prime retailing areas remains tight and no new space was added to the retail market in Q108. Growing competition for space in prime retail hubs is encouraging landlords to consider renovation of existing property to improve performance.

China

There is no precedent for the speed and scale of the plans for China and its key cities. In each of the next ten years, the PRC government intends to resettle 15m rural residents into urban environments. Such a process is a positive backdrop for property investment, as it should drive demand for space, but has arguably contributed to market volatility.

Economy: High GDP growth outlook remains intact

The cities targeted by CREO are still growing, on the back of both government and foreign investment. For China overall, concerns that real GDP growth will be affected by the global slowdown are at odds with forecasts that suggest that it will remain above 8.6% pa for each of the next five years. According to The Economist Intelligence Unit, domestic demand will pick up the slack if net exports fall, and any drop in consumer confidence may see higher government spending to keep growth on track.

Exhibit 7: China - Key Economic Indicators

Real GDP growth (%)	11.9	9.8	9.0	9.2	9.0	8.6
Consumer price inflation (%; av)	4.8	6.5	4.3	4.0	4.2	4.1
Budget balance (% of GDP)	0.7	0.4	0.4	0.3	0.1	0.0
Current-account balance (% of GDP)	11.5	9.3	7.6	7.1	6.1	4.9
Commercial bank prime rate (%; year-end)	7.5	7.9	7.9	8.1	8.1	8.1
Exchange rate Rmb:US$ (av)	7.61	6.93	6.61	6.38	6.14	5.93
Exchange rate Rmb:¥100 (av)	6.46	6.66	6.64	6.77	6.69	6.46

Source: Economist Intelligence Unit

The Chinese economy does, however, face challenges, such as lower gross fixed investment growth in a higher interest rate environment, while CPI is forecast to remain stubbornly in the 4%-4.3% range, exacerbated by the combined impact of wages pressure and supply constraints. Such an economic environment may limit political scope to reduce social inequalities in Chinese society. The renminbi will continue to be a closely managed, although it is expected to be allowed to continue to appreciate gradually against the US dollar and other major currencies.

Business environment: Remains conducive to inward investment

Although it is certainly not devoid of bureaucracy, there do appear to be advantages to property investment and development in China relative to other emerging markets. Firstly, a developer such as CREO will benefit from central and local government's commitment to invest in infrastructure to support the rapid evolution and modernisation of its cities. This simplifies the construction process and increases the appeal of any complete project to potential tenants and visitors.

Discussions with CREO suggest that development logistic such as planning consents, construction timetables and budgets can also be determined with a reasonable degree of accuracy. Combined with access to an inexpensive labour force, construction timeframes can be determined with a greater degree of reliability than is typically the case in an emerging market.

Sensitivities

CREO seeks to capitalise upon demand for space in China's cities as the PRC government seeks to move hundreds of millions of people from rural to urban centres. The scale of this transformation makes this uncharted territory, but central and local government support for this process is an important component of the investment argument. A developer will benefit from provision of vital infrastructure such as transportation, power and communications, as well as a receptive attitude towards inward investment and construction. However, we identify a number of key issues.

Economic growth outlook: More muted

China has achieved annual economic growth rates (GDP) above 10% this decade, as it has supplied the developed world with keenly priced manufactured goods. That growth is expected to decline as customers come under pressure and China's competitiveness is affected by RMB appreciation and higher commodity prices. Growth should, however, still outstrip mature economies. Business growth and increased personal wealth will support demand for space.

Political backdrop: Sensitivities remain acute

Although China's politicians encouraged the emergence of a market economy, it is still a single-party system. The Chinese Communist Party (CCP) has governed China since 1949 and other parties are illegal. The Olympics highlighted an ability to deliver buildings and infrastructure, but revealed the Party's unwillingness to tolerate any challenge to its authority. Environmental issues were eased only temporarily by factory closures and enforced delays to development projects.

Property market: Cyclical by nature

The property sector is cyclical by nature and any market is vulnerable to over-development. Property values and market rents tend to run ahead of events at both ends of the cycle and there is considerable new space due to be released in Shanghai over the next few years. Some local developers have reported lower trading volumes, and although CREO's Shanghai portfolio is exclusively commercial, the cooling off is reflected in the reported closure of half of Shanghai's residential estate agents over the past two years and a 28% drop in house sales in H108. The municipality still intends to create the region's financial capital; the 2010 World Expo is expected to boost demand, as would the rumoured legalisation of institutional investment in property.

China's property markets may in any case be better placed than its western equivalents to weather any slowdown. The government acted to restrict lending to property as the market overheated, to head off unrestrained speculation and a market crash. Personal debt in China is a fraction of that in leading western economies, with demand supported by growth in GDP and disposable incomes.

Two other issues are relevant. CREO's figures, translated into GBP, have benefited from sterling's recent weakness. At a local level, risks are offset by multicurrency borrowings at hedged interest rates. At the interim stage, some 37.8% of CREO's equity was held by Treasury Holidings (2.1%), John Ronan (12.3%) and Richard Barrett (6.9%), two founders of Treasury Holdings and Real Estate Opportunities (16.5%), a subsidiary of TH focused on property investment and development in the south of England.

Valuation

We regard the shares as attractively priced at a 36% NAV discount to the external valuation of the portfolio at the mid-year. That discount is even higher adjusted for sterling's 11% depreciation against the RMB since the end of June. Further NAV upside lies in the potential for CREO to add value to its portfolio over the next few years, as it upgrades existing properties and completes construction of a discrete portfolio of prime developments. These could potentially add another 260p/share, based upon CBRE appraisals.

Risks priced-in, upside to come

Although the shares discount many of the sensitivities we have discussed, the portfolio is diversified by geography and sector. The investment strategy focuses on acquisition of fully-let investments and developments in exceptional locations. Development risk is balanced by the revenue-generating characteristics of CREO's investment portfolio, where there is also potential to grow rents over the next few years through new lettings, review and upgrades. Construction timeframes are relatively short but typically achievable due to ready availability of manpower and skills in China.

External valuations: developments worth another 260p to NAV/share

We estimate that CREO could potentially add 260p/share to NAV from its developments. CB Richard Ellis carries out portfolio valuations every six months, including detailed appraisals of CREO's development projects (Exhibit 8). We have used these opinions of Gross Development Value and developer's margin to assess the upside from the group's development schemes. All figures are adjusted for CREO's stakes in the JVs for individual projects. They also assume completion of construction and letting according to predetermined timeframes of 12-36 months.

Exhibit 8: Potential Development Profit/NAV Impact

Note: RMB/£ = 12.1

	Est. Dev. Period (months)	CREO %	Residual Value RMB m	Residual Value GBP m	Gross Dev Value RMB m	Gross Dev Value GBP m	Profit Margin %	Est. Profit £m
City Center 3, Shanghai	24	100	1,744	128	3,696	271	20	54
City Center 5, Shanghai	24	5	1,875	137	4,660	341	20	3
Beijing Logistics Park	13	100	96	7	345	25	15	4
Tangdao Bay, Qingdao	36	50	1,509	111	6,560	481	25	60
			5,224	383	15,262	1,118		121

Source: CBRE valuation reports 30 June 2008

China appears to be a receptive environment for property development, with relatively predictable construction timeframes by emerging- and mature-market standards. Valuations may however be harder to assess, as the local property market lacks the liquidity of many developed economies. This is in part due to legal barriers that prevent the emergence of an institutional market, ie insurance-company or pension fund ownership of real property. According to press reports, the latter is under review and liberalisation should be positive.

Financials

Interim results: Momentum behind rental and capital value growth

The recent interim results show underlying growth in both property values and rents. The mid-year valuation saw a 20% increase in the value of the portfolio in sterling, or 11.3% in local currency, and a 54% growth in gross rental income to £14.2m, now running at an annualised £28.6m.

There is momentum for further growth in property values and rents, the former on the back of further acquisitions, refurbishment, site enlargement and development. Revenues will increase as reviews bring rents into line with market rates and tenants occupy new and refurbished space.

Balance sheet: 37% average loan to value

At the half-year stage, the average loan-to-value ratio for the group was 44.5% of the value of investment portfolio, 36.6% including development properties, which were, at that stage, debt-free. Net debt at the half year had risen to £174.9m, up £25.3m over the previous six months. This reflects capital expenditure on investments, investment properties under development and financing costs. The outlook will depend upon how developments due to commence in Q408 are funded and phased, details of which are awaited.

Cash flow: Emphasis on revenue-generating investments

The revenue profile provides a secure backdrop for the group's growth plans, ie as developments are let and held as investments. The working capital is in place to cover debt obligations and fund short- to medium-term growth, although further capital will be required if CREO is to undertake developments and add to its portfolio.

The investment portfolio saw average rent increases of 25% on reviews agreed during the first half, and an analysis of the reviews due over the next few years shows the scope for further growth. CREO's properties are generally let on three-year agreements, typical of leases in fast-growing markets such as China.

Exhibit 9: Investment portfolio – Lease profile

	Vacant	2008	2009	2010
By Area	3.7%	16.6%	33.5%	19.7%
By Current Rent		19.3%	45.9%	25.6%

Source: China Real Estate Opportunities

Recent sterling weakness does not affect day-to-day cash flow. Debt is multicurrency-denominated to balance exposure to currency fluctuations. At the half year, 68% was in US dollars, 26% renminbi and 6% euros.

The group has made a £4m provision against PRC Land Appreciation Tax (LAT) at the interim stage. LAT is levied at progressive rates ranging from 30% to 60% on the increase in land value, ie the sales proceeds, less deductible expenditures that include land-use rights costs, borrowing costs and all property development expenditures. In March 2007, the PRC passed a new Corporate Income Tax Law with effect from 1 January 2008. As a result, the group's PRC subsidiaries are expected to pay tax at 25%, i.e. from 33% previously.

Growth	Profitability	Balance sheet strength	Sensitivities evaluation	
N/A	N/A	N/A	Litigation/regulatory	◖
			Pensions	○
			Currency	◖
			Stock overhang	○
			Interest rates	○
			Oil/commodity prices	◖

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 05-09e	N/A	ROCE 08e	N/A	Gearing 08e	N/A	Treasury Holdings	
EPS CAGR 07-09e	N/A	Avg ROCE 05-09e	N/A	Interest cover 08e	N/A	1568 Huashan Road The Treasury Building Shanghai 200052, China	
EBITDA CAGR 05-09e	N/A	ROE 08e	N/A	CA/CL 08e	N/A		
EBITDA CAGR 07-09e	N/A	Gross margin 08e	N/A	Stock turn 08e	N/A	Phone	+86 (21) 6282 5000
Sales CAGR 05-09e	N/A	Operating margin 08e	N/A	Debtor days 08e	N/A		
Sales CAGR 07-09e	N/A	Gr mgn / Op mgn 08e	N/A	Creditor days 08e	N/A	http://www.china-reo.com	

Principal shareholders	%
Real Estate Opportunities Ltd	16.5
John Ronan	12.3
Richard Barrett	6.9
QVT	5.7
Ray Horney	5.2
Invesco UK Ltd	5.2
Societe Generale Strauss Turnbull Securities	4.4

Forthcoming announcements/catalysts	Date *
AGM	May 2009
Preliminary results	Feb 2009
Annual report	Mar 2009
Interim results	Aug 2009
*Note: * = estimated*	

Management team
MD THCL: Richard David
Has worked in the property industry since 1981, in China since 1999. Joined THCL in 2007, prior to which he was for seven years, head of China Real Estate for Macquarie Bank Limited of Australia.
COO THCL: Simon Harding-Roots
Qualified chartered surveyor with 20 years' experience of international property development. Based in Dubai for eight years on some of the region's most successful retail-led mixed-use schemes. Also spent two years with an international investment and private equity firm in Bahrain establishing its development portfolio.
Chairman CREO : Ray Horney
Founded LSE-listed Rayford Supreme Holdings plc in 1983, acquired by Harris Queensway plc in 1985. Chairman of LSE listed St James Beach Hotels in 1989 and MD in 1995 until it was sold to Elegant Hotels. Currently vice chairman of Sandyport Development Co. Limited, a private property company in Nassau, Bahamas and chairman of Redleaf Shopping Centres Limited.

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