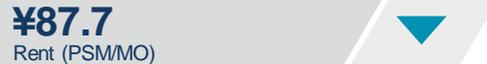


Compared to 1H 19



Rents Reduced in Economic Downturn Environment

In the second half of 2019 landlords reduced rents to attract tenants in the face of the economic downturn. The citywide average rent level dropped 3.3% from the first half of the year, to RMB87.7 per sq m per month. The leasing market became more active in 2H with overall net absorption of 153,179 sq m, a dramatic rise of more than 26.7% compared to the prior six months. With no new supply entering the market in 2019 the overall vacancy rate dropped 5.1 percentage points to 13.9% at the end of the year. By submarket, Huayuan Rd witnessed the biggest rent reduction of 10.2%, driving Huayuan Rd submarket's average monthly rent down to RMB80.7 per sq m, and also recorded the city's largest vacancy rate drop, at 6.0 percentage points, to 8.2%. In Zhengdong CBD submarket the vacancy rate climbed by 0.3 percentage points over the first half of the year, as some tenants shifted to Grade B office buildings or Huayuan Road business district for more competitive rents.

Financial Services the Biggest Driver of Transaction Activities

For lease transactions in 2H 2019 tenants came predominantly from the financial services, real estate-related and information technology sectors, together accounting for more than 60% of the total. Financial services was the biggest contributor, taking up about 40%. In July 2019 the government announced measures to support the finance industry, and this should bring positive energy to the development of the office market, with leasing demand from financial institutions set to rise.

Outlook

Three Grade A office buildings are scheduled to be completed in 2020, adding a combined 64,300 sq m of new supply. The city's overall office stock will then exceed three million sq m, mainly located in Gaotie and North Longhu submarkets, and this will result in intensified competition.

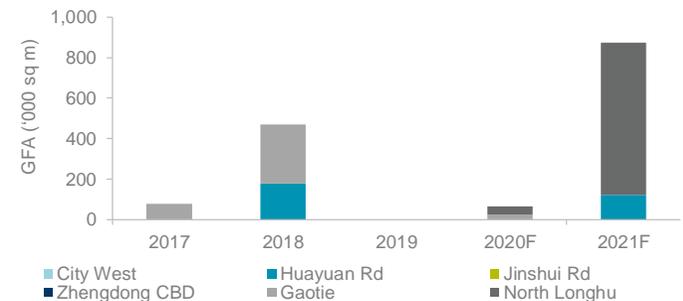
ZHENGZHOU ECONOMIC INDICATORS 1-3Q 2019



GRADE A OFFICE RENT & VACANCY RATE



GRADE A OFFICE ANNUAL NEW SUPPLY



Source: Zhengzhou Statistics Bureau/Oxford Economics/Cushman & Wakefield Research

SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION TILL 2021 (sq m)	GRADE A ASKING RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
City West	110,713	36.3%	0	100.9	1.6	1.4
Huayuan Rd	431,435	8.2%	120,000	80.7	1.3	1.2
Jinshui Rd	285,400	13.9%	0	78.1	1.2	1.1
Zhengdong CBD	387,442	19.4%	0	85.0	1.3	1.2
Gaotie	1,783,472	12.7%	24,300	90.7	1.4	1.3
ZHENGZHOU CORE GRADE A TOTAL	2,998,462	13.89%	144,300	¥87.7	US\$1.4	€1.3
North Longhu			795,000			

* Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT.
1 USD = 7.03146 RMB = 0.903898 EUR as at Nov 22, 2019

KEY LEASING TRANSACTIONS 2H19

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Kineer IFC	Gaotie	CSCEC	400	New Setup
Longyu International	Gaotie	Tongxin Property	3,500	New Setup
Jianye Triumph Plaza	Huayuan Rd	Alibaba	600	New Setup

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	AREA (SQ M)	COMPLETION YEAR
Tianchuang Business Center	North Longhu	-	40,000	2020
Haima #5,#12	Gaotie	-	24,300	2020
Henan Luxembourg Center	North Longhu	-	80,000	2021
Zhengzhou Huaxin Futures Building	North Longhu	-	40,000	2021
CCCG North Longhu Financial Center C4-01-C4-20	North Longhu	-	715,000	2021
Evergrande capital	Huayuan Rd	-	120,000	2021

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