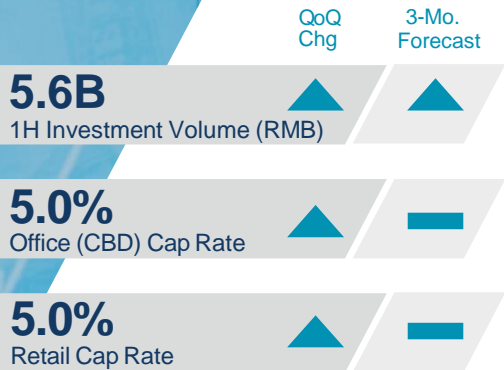
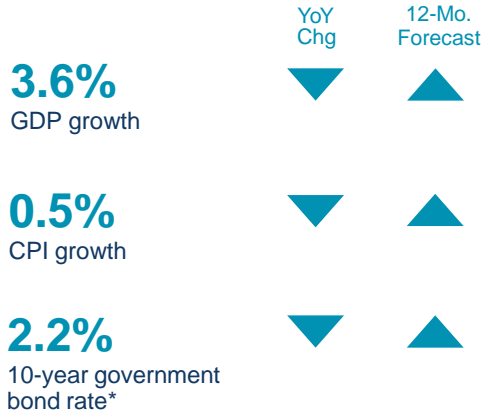


Capital Markets 1H 2024



Source: Cushman & Wakefield

ECONOMIC INDICATORS Q1 2024



Source: Guangzhou Statistics Bureau, China Foreign Exchange Trade System, Moody's Analytics
*10-year government bond rate is as of 28th Jun. 2024.

Investment Market Activity Slows in 1H 2024 Period

Guangzhou's capital market activity slowed in the first half of 2024, impacted by multiple factors including industrial restructuring, leasing market pressure, and uncertainty in asset value trends. The city has recorded seven transactions for the year to date, totaling RMB 5.6 billion, with both the total deal count and investment volume falling back from the 1H period performances of the past three years.

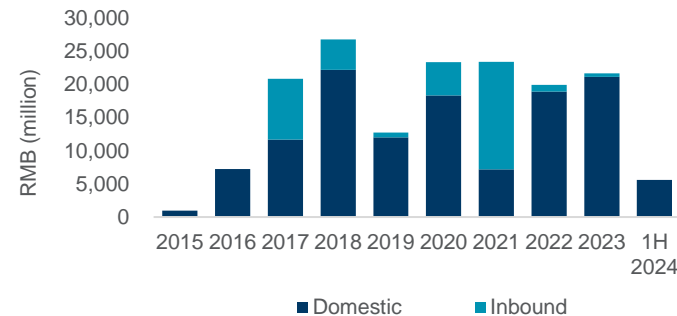
Local Investors Dominate Market Transactions, Institutional and Individual Investors Cautious

Domestic investors continued to dominate the market in 1H 2024, with foreign buyers remaining on the sidelines. The two largest transactions in the first half of the year were both from SOE investors, accounting for 68.1% of the total transaction volume. In addition, Village Collective Economic Organizations (VCEOs) were present in the market, concluding two office property acquisitions in 1H for a 9.9% share of transaction volume. Market activity from institutional and individual buyers has dropped off. These players remain focused on prime projects, but the transaction cycle has lengthened from last year, with some also postponing decisions to enter the market. A sole individual investor transaction was recorded in 1H, accounting for 4.7% of total transaction volume. By asset category, three office property transactions were recorded in 1H, all in the core area, accounting for 27.8% of total transaction volume, down y-o-y. Industrial projects also remained in focus, accounting for 17.3% of transaction volume, with all transacted assets in Huangpu District. As an important development area for the city's science and innovation industry, Huangpu is a strong driver of demand from the industrial sector, with R&D offices and industrial parks drawing attention. In May, the Guangzhou authorities issued new policies clearly stating that further high-quality industrial projects are due for development, in turn providing potential investors with new options.

Outlook

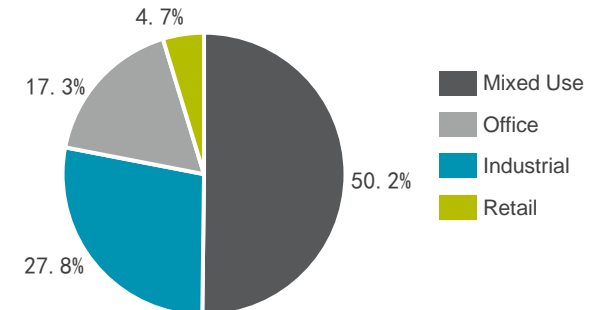
Against the backdrop of widening competition, we anticipate that asset prices may be further adjusted downwards. Coupled with the current low interest rate financial environment, lower investment entry points are expected to prompt domestic investors, including corporate and private buyers, to reconsider their overall asset allocations.

TRANSACTION VOLUME BY INVESTOR TYPE



Source: Cushman & Wakefield

TRANSACTION VOLUME BY SECTOR (1H 2024)

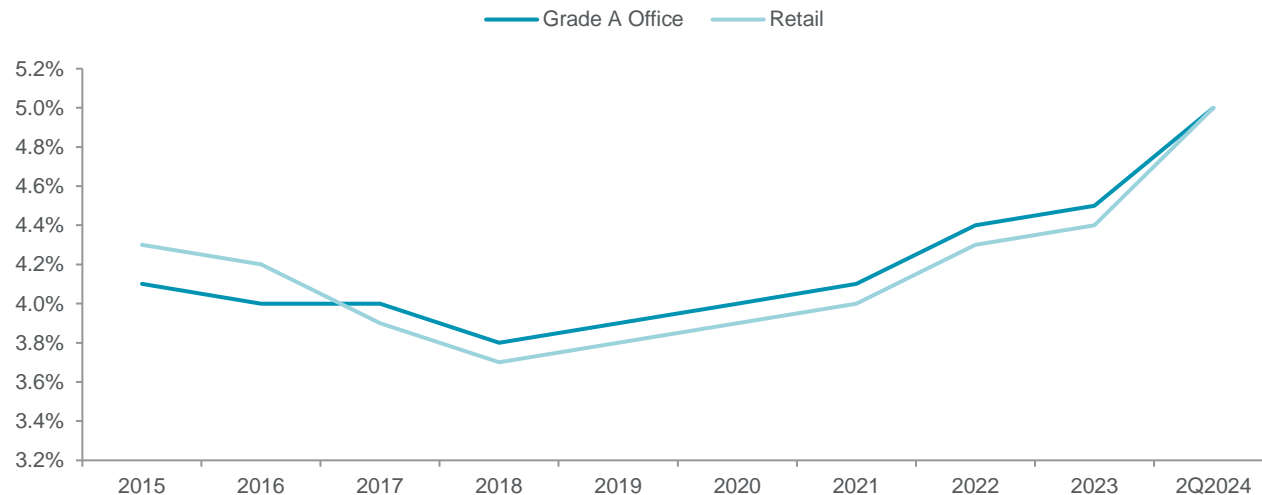


Source: Cushman & Wakefield

KEY SALE TRANSACTIONS (2024 1H)

PROPERTY	LOCATION	SECTOR	PRICE (RMB MN)	VENDOR	PURCHASER	DEAL TYPE
96 Office Properties in Lisheng Plaza	Liwan	Office	445.0	Guangzhou Metro	Collective economic organization of a village	Investment
Huangpu District Land Plot JGQ-D2-0 and Building Premises	Huangpu	Industrial	403.2	Guangzhou Lianshun Steel Co.	SCI Group	Investment
One Bravo Floor 20-21	Tianhe	Office	108.0	Changxing (Guangdong) Clothing Co.	Guangzhou Yangji Economic Development Co.	Investment

CAP RATE TREND



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