

Talking Shop in the Capital

US based Yellow Star Capital Fund recently closed the purchase of 30 villas and 12 apartments from Motorola for ¥125 million (US\$15 million) in Beijing. Jason Krauss and Brett Aaron, principal players at Yellow Star, talk about why empty villas are hot.



H&O: What are your impressions of the real estate market in Beijing? Will prices peak in 2008 when Beijing holds the Olympic Games?

Krauss: Our decision to look for projects in Beijing as opposed to say Shanghai, was based on a greater appearance of stability in the Beijing market. In addition, our niche for servicing the expatriate community seems to have deeper roots in Beijing and a continued flow of steady expatriate influx.

Aaron: This fact coupled with the pending 2008 Olympics, promises to tighten any present slack in the market. Furthermore, the moratorium on certain building is sure to decrease the vacancy rate in the next few years as well. Quality premium properties will always be in high demand and it has been our strategy to focus on the needs of the expatriate community, especially at the high end of the market. We think this trend will continue after 2008.

Why did Yellow Star pick River Garden and Parkview Center as its first investment?

Krauss: It was based on the long-standing, good reputations that both communities hold amongst the various expatriate communities in Beijing.

Aaron: The apartments and villas are solidly built and well maintained. They are settled properties with no major problems. Once we renovate the units themselves to a standard as high as Grand Hills, Yosemite or Palm Springs, we will not only offer new modern housing but also provide it in the most coveted expatriate communities in Beijing.

So the next step is renovation? Who are the target tenants?

Krauss: Our next step has been to completely renovate and over-

haul the interiors as well as some aspects of the layouts in all of our properties complete with new kitchens, baths and the latest in building materials, such as flooring, windows, tiling, etc.

Aaron: We are working with some very fine designers as well as taking stock of our interviews with expatriates themselves to provide housing they really want to live in as our target tenants are expatriates who are working for Western multinationals and government organizations such as embassies.

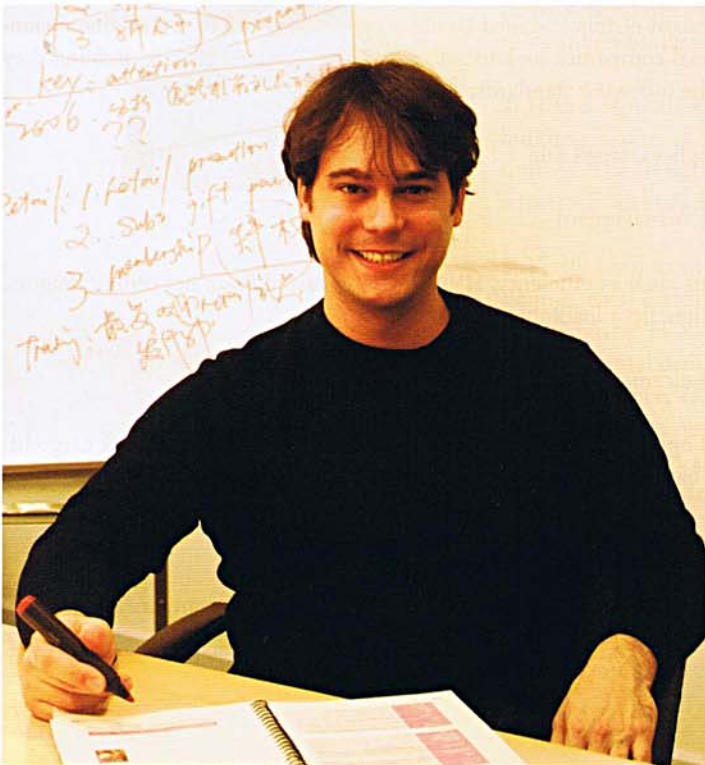
About Yellow Star's "Home Abroad" concept, are you confident that you are able to meet your customer's needs?

Aaron: The idea behind Home Abroad is to give expatriates new to Beijing the most comfortable living possible. We do this by offering renovated modern housing in established expatriate communities where they can have all the creature comforts they expect at home as well as the opportunity for their family and themselves to make friends. At the same time, we are expatriates ourselves and understand the needs of people living and working abroad. Home Abroad is property management by ex-pats, for ex-pats.

If this endeavor proves successful, will there be future investments for Yellow Star in Beijing?

Krauss: Certainly, we've already been eyeing several new investments in Beijing in both the residential and commercial sector. Although perhaps not quite as an explosive rate as we are seeing now, Beijing will continue to grow well beyond the Olympics and into the future at a very steady pace, ultimately achieving the success as the world's number one economy. ■

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Jason Krauss of Yellow Star says the Home Abroad concept is "property management by ex-pats for ex-pats".

Congratulations!!!

To
Yellow Star

On
**Successful Acquisition of
Premium Properties**

From Motorola in Beijing



River Garden



Parkview Tower

Bel-property International (BI) is proud to have assisted Yellow Star, US Capital Fund, to complete her first investment in China, the purchase of 30 villas in River Garden and 12 apartments in Parkview Tower in Beijing from Motorola at a price approximately RMB125 million.



B our guest!

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