

## **“GO EAST YOUNG MAN, GO EAST**

### **DOTCOMMER FINDS NEW BOOM IN CHINA REAL ESTATE**

**NEW YORK, NY February 15, 2005** – Jason Krauss isn't your typical real estate entrepreneur. In fact he admits to being a complete novice at real estate. But novice or not, he recently closed on a \$15 million residential real estate deal with Motorola for 42 premium properties in Beijing, China.

Mr. Krauss' first taste for real estate came when his cyber company wired and serviced multi-tenant office buildings.

He received a rudimentary education from property owners he met all across the country.

He enters the Far East with the understanding of an emerging market situation and likens the real estate rush in China to the internet boom. “There are many similarities to the early stages of the internet era, where billions of dollars were poured into the arena, just for the sake of getting into the game, says Krauss. “But ultimately there was a lot of good money going into bad deals.”

Mr. Krauss' group includes his decade long Chinese business partner, Sean Wang, and his partner Brett Aaron, and Brett Aaron, an American fluent in Chinese who has worked in China and Taiwan for the past 12 years.” Their keen insights into the situation in China helped them to pinpoint a thriving real estate niche in the Western expatriate market. Together they founded Yellow Star Capital.



Mr. Krauss said, however, that “it took a great deal of effort, legwork, and entrepreneurship to maneuver through the Chinese system.” Mr. Krauss and his Yellow Star team spent nearly a year of research and on the job learning, in order to gain an understanding of the rubric Chinese policies for converting currency, structuring a foreign entity, obtaining a commercial bank loan, and the various tax liabilities that come with purchasing property as a foreign company.

“These complications were burdensome, but also contributed to our victory as competing bidders were forced to abort their efforts because they could not navigate the complexities,” said Krauss. “Yellow Star’s deal with Motorola was groundbreaking in the way it was financed. While banks routinely finance foreigners looking to invest in one or several Chinese properties, there was no mortgage product for the type of deal we had put together.”

The team was ultimately successful in working with the bank to obtain a newly created financing solution, a first in China, which enabled them to help complete their transaction.

Yellow Star’s deal with Motorola consisted of a mix of forty-two high end luxury properties and gated community villas in Beijing. Large multinational corporations, such as Motorola, Nestle, Nokia, and government agencies like the US Embassy, make up a large component of the tenant base. While close to 50% of the properties were purchased with leases in place, Mr. Krauss and his partners are completely renovating vacant apartments with specific target audiences and their needs in mind. Yellow Star is marketing the properties with the concept “Home Abroad – Expatriate Housing by Expats and for Expats.” Upgrades to properties include high end details like innovative architectural designs, thoughtful layouts, modern amenities with world renowned brand materials, and state of the art entertainment systems.

Mr. Krauss intends to acquire even more residential properties in China, but is also eyeing other real estate sectors that are still in their infancy. He also has an eye on the upcoming Beijing Olympics in 2008, which he expects to be the most profitable ever. As with past Olympics, rental spikes will become inevitable, and more opportunities to service the Chinese market will develop.

- 30 -

### **About Yellow Star Capital**

Yellow Star Capital is a US based private equity fund concentrated on real estate investments in China. The fund was formed in 2004 in order to invest in various projects in emerging real estate markets throughout China. The fund specializes in identifying both residential and commercial lease back opportunities. Yellow Star currently has invested \$15 million USD in residential properties in China. The principals of Yellow Star are Jason Krauss and Brett Aaron. [www.YellowStarCapital.com](http://www.YellowStarCapital.com).