



# Introduction of Great Ocean Group

2013

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1. Great Ocean Group Overview
2. Airport City Development Model and Opportunities in China





# Great Ocean Group: Business Overview

Founded in 1996, Great Ocean Group is a private holding company focused on three key business lines





# Great Ocean's Investments Performance



## Investments Performance and Company Highlights

- Founded in 1996; initial investment in residential development
- 1998: Invested in construction of Taihong Plaza, one of China's first companies to engage in urban complex development.
- 2002: Acquired major share in Ping An Insurance, sold in 2006/2007
- 2004: established the Beijing Airport City project (ACL) brought the ACL into official operation in 2010. In 2011, a majority stake of ACL was acquired by Global Logistics Properties Limited ("GLP") in 2011, valuing the entire equity interest of ACL at RMB4.67 billion
- 2007: Strategic stake in BBMG Corporation, partially sold in 2012
- 2010: Started the Genesis Project, to develop a high quality integrated urban complex





# Great Ocean Group Initiated ACL project

## The First Airport City Project in the PRC

- Great Ocean Group reached a “5-common Agreement” with the Capital Airport Group and the Shunyi District Government to establish Airport City Development Co., Ltd. (ACL). ACL had RMB1.8 billion in initial capital, with total project investment set at RMB10 billion, and Phase 1 investment over RMB 4 billion.
- ACL is the first of its kind in China initiating Public-Private Partnership between airport authority and local government, in airport facility and business development



# ACLP's 6 Functional Zones

A "One-stop Logistics Platform"

## 1. Air Cargo Terminals:

1<sup>st</sup> phase area- over 60,000 m<sup>2</sup>

## 2. Express Center:

1<sup>st</sup> phase area- 53,735 m<sup>2</sup>

## 3. Customs Supervision Area:

1<sup>st</sup> phase area- 62,000 m<sup>2</sup>

## 4. Bonded Logistic Center:

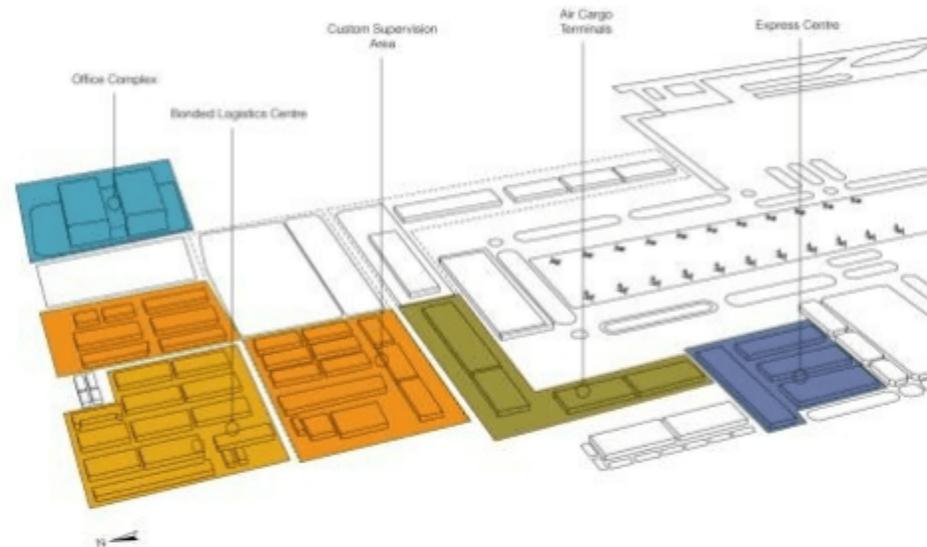
1<sup>st</sup> phase area- 60,682 m<sup>2</sup>

## 5. Warehouse Zone

1<sup>st</sup> phase- 30,000 m<sup>2</sup>

## 6. Office Complex

Total Area- 121,500 m<sup>2</sup>



- Great Ocean Group entered into a joint venture with the Capital Airport Group and the Shunyi District Government to establish the Airport City Development Co., Ltd. (ACL), responsible for the development, construction, and operation of ACLP
- ACLP has been critical in establishing BCIA as a hub airport for Northeast Asia
- ACLP is strategically located north of the second runway of the Beijing Capital International Airport (BCIA), with a total site area of 5062 mu (includes: Air Cargo Terminals, Express Center, Import Customs Supervision Area and Export Cargo Consolidation Area, Bonded Logistic Center, Office Complex)

# Comprehensive Advantages

Airport City Development

**Obtain Support from Government, Airport Authorities, and Relevant Departments**

**Promoting the Airport City concept**

**Planning and Design**

**Development and Construction**

**Leasing/ Operation**

**Alliances across industry value chain**

**Key Success Factors**

Efficient Coordination

Comprehensive Planning

Leadership Ability

Effective Implementation

Shrewd Financial Management

+

Deep understanding of aviation industry fostered by extensive experience

Cooperation partners/ client resources in the aviation industry



# Efficient Execution and Development Capabilities

Total investment of ACLP will be over RMB 14 billion, of which over RMB 4 billion was spent in phase 1 development, including acquisition of 5000 mu (800 acres) of land and development of 400,000 m<sup>2</sup> GFA

### Original Property



### After Development



# Effective Go-to-Market and Operational Capabilities

**Ecosystem of Tenants:** Over 180 companies now operate in the ACLP. ACLP has the experience and capabilities to recruit high-quality tenants into its facilities.



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## Achieving Results: ACLP Project

- The ACLP went into operation at the end of 2010. Approximately 53.14% equity interest of ACL was acquired by Global Logistics Properties Limited (“GLP”) in 2011 at RMB2.48billion, valuing the entire equity interest of ACL at RMB 4.67billion.
- Following 2 years of operations, the project entered into the mature stage with total occupancy rates reaching 90%. The second stage of development has now been initiated and the construction of a new 130,000 m<sup>2</sup> warehouse zone is underway.
- Tenants report greater efficiency at customs clearance, signaling the positive gains of the ACLP

Functional Area	Total Area (m <sup>2</sup> )	Rental (RMB/m <sup>2</sup> /day)	2012 Rental ('000 RMB)
Air Cargo Terminal	62,854	3.3	70,000
Express Center	46,971	3.3	34,000
Bonded Logistic Center	62,557	1.5	32,000
Import Custom Supervision Area and Export Cargo Consolidation Area	62,100	2.9	55,000
Warehouse (Half Year)	40,000	1.3	10,000
Office Complex	40,000	3.0	30,000
<b>Total</b>	<b>314,482</b>	<b>/</b>	<b>231,000</b>

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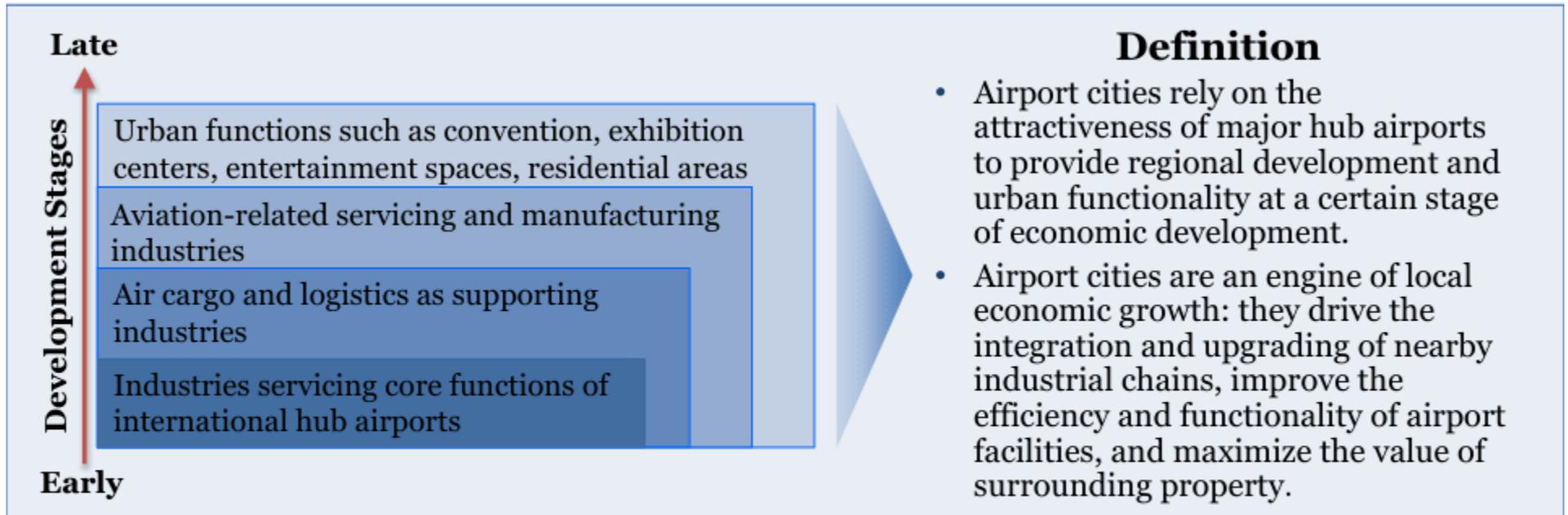
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# Airport Cities: Bringing Cities into the 21<sup>st</sup> Century

A new model of urban development that raises city competitiveness



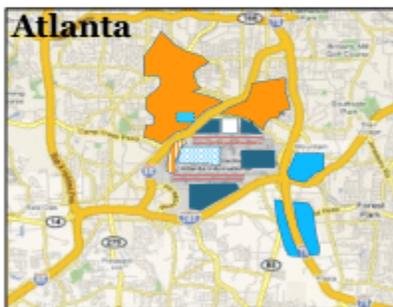
Airports will shape business location and urban development in the 21st century as much as highways did in the 20th century, railroads in the 19th and seaports in the 18th  
- Dr. John Kasarda (world leading expert in Airport Cities)



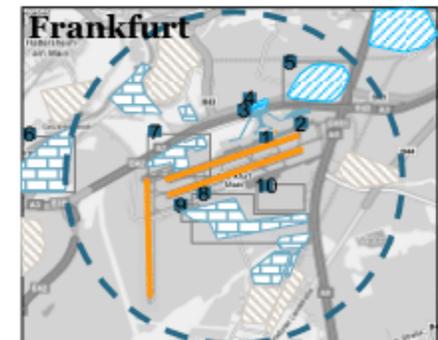


# Global Airport City Development

Several international hubs have been at the forefront of development. The beginnings of these Airport Cities catalyzed a wave of economic opportunities, creating jobs, generating taxes, and eventually building an ecosystem that raised the prestige and competitiveness of the city.



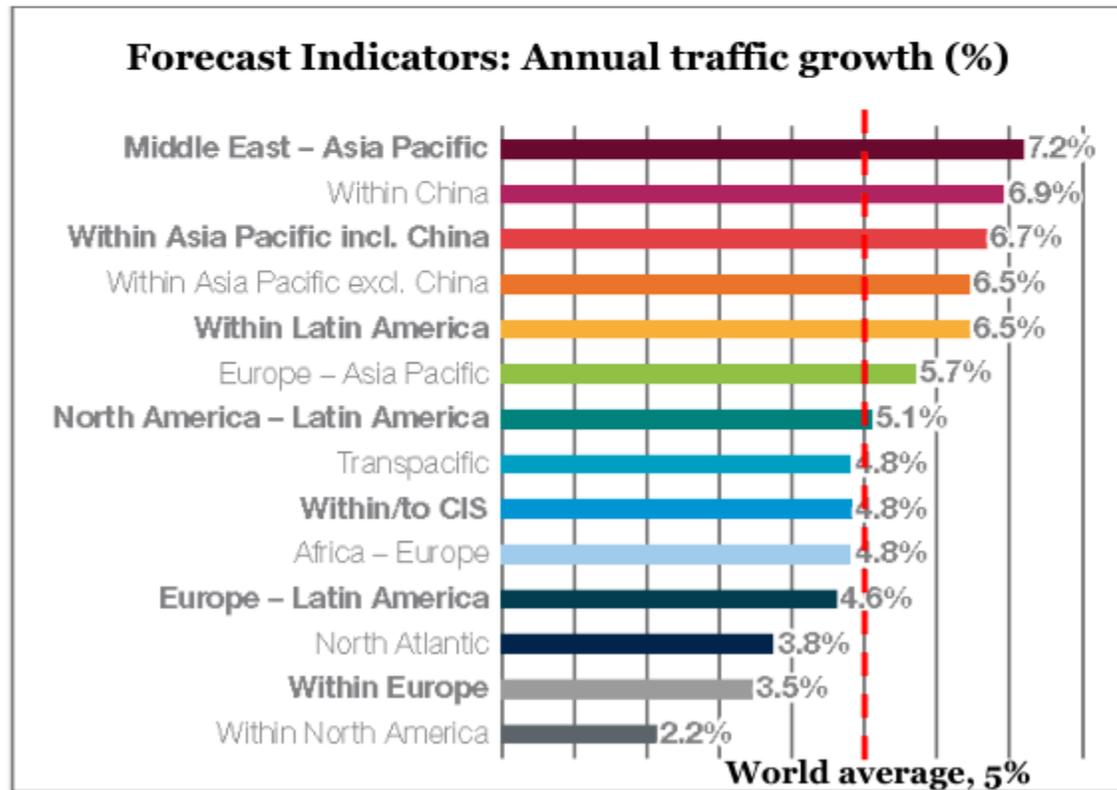
- Overall, airport city development has only taken off in the last 20 years, with major international hubs taking the lead
- The multi-functional upgrades and diversification of these international airports have become a focal point of local economic development
- Airport cities have a diverse array of functions, including: commercial and office complexes, conference centers, warehouses, bonded zones, service and operation centers, hotels, golf courses, and other large scale commercial and entertainment facilities.



# Forecasts: Aviation Industry

## China will Become the World's Largest Aviation Market

- Boeing estimates that in the next 20 years, the global air traffic will increase by average of 5%. China will maintain its leading growth position in the world, with a projected 6.9% increase in domestic air traffic volume.
- Within the next 10 years, China will become the largest aviation market in the world. Stable economic growth, further deregulation of the aviation industry are key factors for the rapid development of China's cargo



# Domestic Airport Development

Government shows a serious commitment to investing in airports



- According to the report “China Civil Aviation Development 12th Five-year Plan” issued in April 2011 by the Civil Aviation Administration of China, China made plans to construct approximately 80 additional airports and upgrade about 100 existing ones, bringing the total number of airports to 230 or more nationwide by 2015.
- Mainland China currently has 183 airports

Targets Description	Units
New airports added in 12 <sup>th</sup> 5-year plan	82
Existing airports planned to be upgraded	101

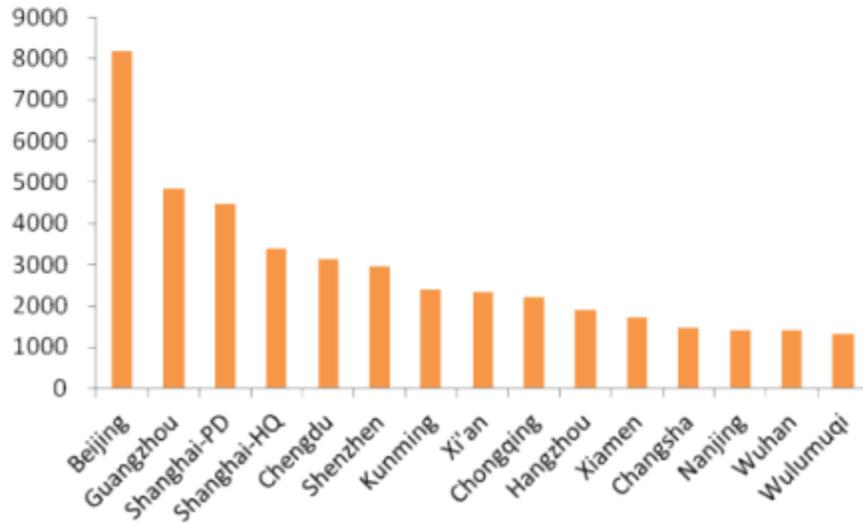


# Promising Markets for Airport Cities

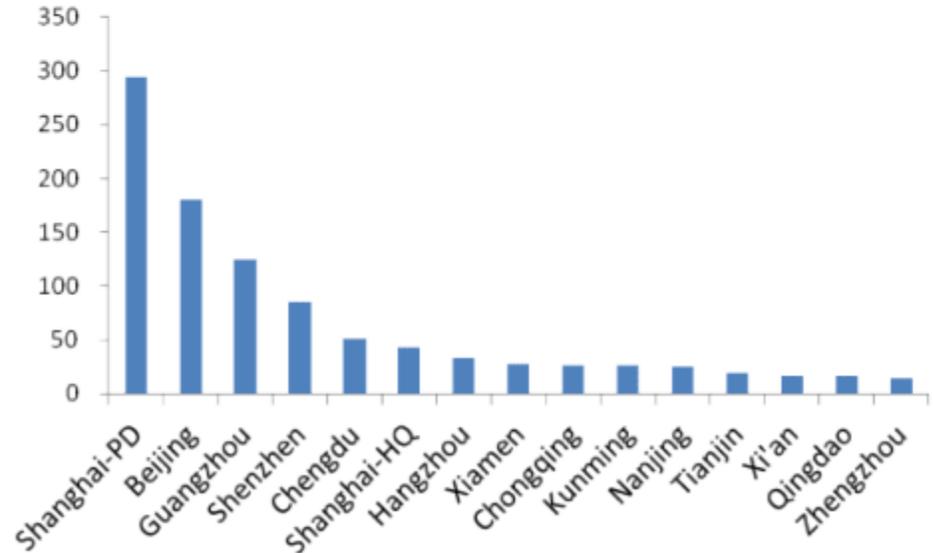
## Top Airports in China to target for Airport City Development

An airport's passenger and cargo throughput is an important indicator to assess the potential for airport city development.

**15 Largest Airports by Passenger Volume in 2012**  
(10,000 pax)



**15 Largest Airports by Cargo Volume in 2012**  
(10,000 tons)



Thank you.

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