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(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
(Stock Code: 00405)

Managed by



ANNOUNCEMENT IN RELATION TO

**(1) MAJOR ACQUISITION RELATING TO THE PURCHASE OF
A COMMERCIAL PROPERTY IN SHANGHAI**

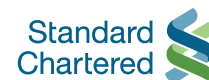
AND

**(2) EXTRAORDINARY GENERAL MEETING AND
CLOSURE OF REGISTER OF UNITHOLDERS**

Financial advisers to the Manager (in alphabetical order)



Morgan Stanley



The Acquisition

On 31 July 2015, Yuexiu REIT 2013 Company Limited (a special purpose vehicle of Yuexiu REIT) as the Purchaser and Century Holding Company Ltd. (a limited liability company incorporated in the Cayman Islands and an Independent Third Party) as the Seller entered into the Share Purchase Deed, pursuant to which the Seller agreed to sell to the Purchaser the Target Company Shares with the rights attaching to them as at and from the Completion Date. Upon Completion, Yuexiu REIT will (through the Target Company and the Project Company) hold the Property known as Hongjia Tower located at 388 Fushan Road, Pudong New District, Shanghai Municipality, PRC.

The Target Property Price of RMB2,627.2 million, being the asset value of the Property agreed by the parties, has been arrived at on a willing buyer/seller and arm's length basis after taking into account the quality and historic performance of the Property. The Target Property Price represents a discount of approximately 5.2% to the Appraised Value (being RMB2,770 million).

The Property comprises a 25-storey (plus 2-level basement) Grade A office building with a retail portion and car parking spaces with a total gross floor area of 62,139.35 sq.m located in the Zhuyuan central business district of Pudong, Shanghai, adjacent to the Little Lujiazui Finance and Trade Zone. Further details regarding the Property are set out in section D headed "Information on the Property and the Target Group".

Reasons for and Benefits of the Acquisition

The Manager believes that the key benefits of the Acquisition are:

1. well-established property and quality asset in strategic location with proven performance and promising outlook;
2. expansion of footprint beyond Guangzhou and more diversified property portfolio;
3. the Acquisition is consistent with Yuexiu REIT's investment objectives and growth strategy;
4. positive outlook of strong reversion growth; and
5. enhance the overall quality of Yuexiu REIT's tenant mix and a steady income stream.

Financing of the Acquisition

On the assumption that there is no difference between the Benchmark Acquisition Price and the Final Acquisition Price, the Final Acquisition Price of USD381,684,710 (equivalent to approximately RMB2,335 million, as calculated based on the rate of USD1 = RMB6.1169) and the One-Off Fees and Charges of approximately RMB77 million shall be financed by drawing down on the New Offshore Facility of US\$394 million (equivalent to approximately RMB2,400 million) in full and Yuexiu REIT's internal resources of approximately RMB12 million. Part of the Existing Onshore Facility will be repaid by the Project

Company using its internal resources in an amount of RMB72 million before Completion. The New Onshore Facility of RMB300 million will be used in full to fully repay the remaining outstanding amount of the Existing Onshore Facility in an amount of RMB300 million at Completion.

The Manager has entered into a commitment letter with the New Offshore Lenders for the provision of the New Offshore Facility, which is intended to be drawn down in full at Completion to finance (together with Yuexiu REIT's internal resources) the payment of the Final Acquisition Price and the One-Off Fees and Charges.

The New Offshore Facility, to be provided to the Purchaser, will comprise two tranches:

- (1) A tranche of up to US\$177 million, which will bear interest as follows: (i) first 6 months (LIBOR + 1.7% per annum); (ii) 7th to 12th month (LIBOR + 1.75% per annum); and (iii) thereafter (LIBOR + 2.123% per annum) (the "Offshore 1+2 Tranche"). Such tranche will mature and become repayable 1 year from the date of the New Offshore Facility agreement, and is extendable for another 2 years at the sole discretion of the Purchaser.
- (2) A tranche of up to US\$217 million, which will bear interest as follows: (i) first 12 months (LIBOR + 1.88% per annum); and (ii) thereafter (LIBOR + 2.055% per annum). Such tranche will mature and become repayable 3 years from the date of the New Offshore Facility agreement.

The New Offshore Facility will be secured by unconditional and irrevocable guarantees from the Trustee in favour of the New Offshore Lenders.

Pursuant to the Share Purchase Deed, the Seller shall procure that the Project Company shall cooperate in good faith with the New Onshore Lender for the provision of the New Onshore Facility at the reasonable direction of the Purchaser or the Manager, including but not limited to, executing the documents, if required, in form and substance reasonably satisfactory to the Seller and taking the actions as reasonably requested by the Purchaser, the Manager or the New Onshore Lender as contemplated under the Share Purchase Deed. Part of the Existing Onshore Facility will be repaid before completion by the Project Company using RMB72 million of Yuexiu REIT's internal resources. The New Onshore Facility will be used in full to fully repay the remaining outstanding amount of the Existing Onshore Facility at Completion. The New Onshore Loan requires majority lender's consent from the lenders under the Existing Onshore Loan, which is expected to be obtained prior to Completion.

Pursuant to a commitment letter entered into with the New Onshore Lender, the New Onshore Facility will be an amortized term facility of up to RMB300 million with minimum repayment semi-annually and its final maturity date will occur on a day that falls 3 years from the date of the New Onshore Facility agreement. The New Onshore Facility will bear interest at 110% of the PBOC lending rate per annum. The New Onshore Facility will be secured by an unconditional and irrevocable guarantee from the Trustee.

Implications under the REIT Code and the Trust Deed

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, the Target Group Companies and their ultimate beneficial owners, the Escrow Agent (which is a third party independent of the Purchaser and, based on information provided by the Seller, the Seller), the New Offshore Lenders, the New Onshore Lender, the WI Insurer and the tenants under the current tenancies of the Property, are not Connected Persons of Yuexiu REIT and are third parties independent of Yuexiu REIT and its Connected Persons.

The Target Property Price of RMB2,627.2 million, being the asset value of the Property agreed by the parties and the basis for the Final Acquisition Price, represents a discount of approximately 5.2% to the Appraised Value (being RMB2,770 million). As the Target Property Price also represents approximately 26.8% of the total market capitalisation of Yuexiu REIT, based on the average closing price of the Units on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of the Share Purchase Deed, the Transaction constitutes a major transaction of Yuexiu REIT and is therefore subject to, among others, approval by the Unitholders of Yuexiu REIT at the EGM in accordance with 10.7 of the REIT Code and the Trust Deed.

Circular

The Yuexiu REIT circular containing, among other things: (i) a letter from Yuexiu REIT Manager Board to the Unitholders containing details of the Transaction; (ii) the opinion of the Board with respect to the Transaction; (iii) the views of the Trustee in respect of the Transaction; (iv) the financial information of Yuexiu REIT; (v) the accountant's report in respect of the Target Group; (vi) the unaudited pro forma financial information of the Enlarged Group; (vii) the Independent Property Valuer's Property valuation report; (viii) Market Consultant's report; (ix) the EGM Notice; and (x) form of proxy for the EGM, will be sent to the Unitholders on or about 6 August 2015.

A. THE ACQUISITION

1. Overview

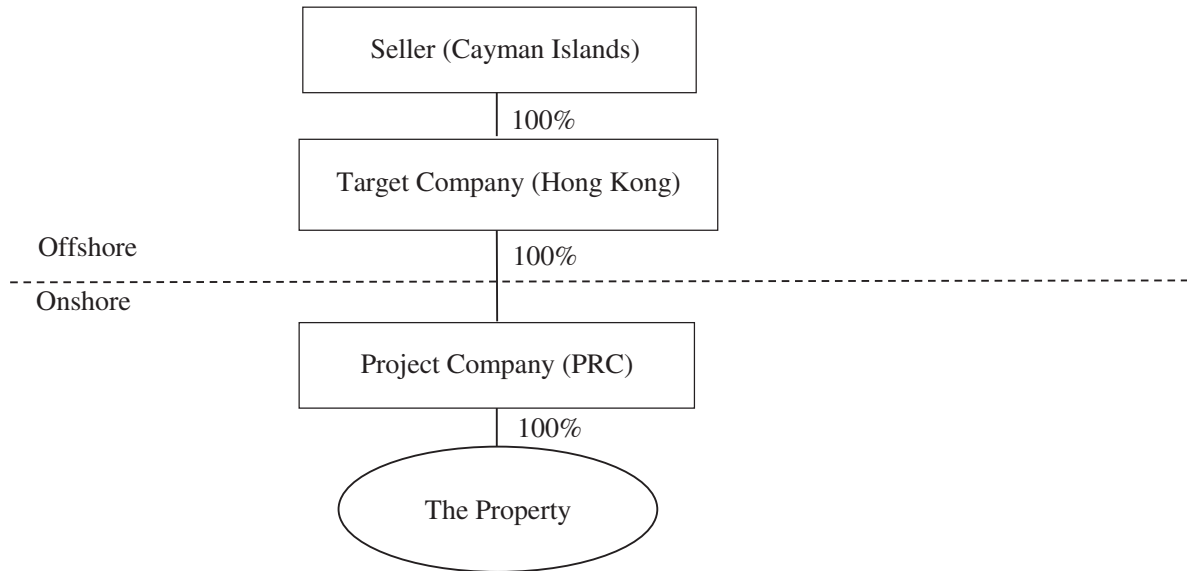
On 31 July 2015, the Purchaser and the Seller entered into the Share Purchase Deed, pursuant to which the Seller agreed to sell to the Purchaser the Target Company Shares with the rights attaching to them as at and from the Completion Date. Upon Completion, Yuexiu REIT will (through the Target Company and Project Company) hold the Property, which comprises a 25-storey (plus 2-level basement) Grade A office building with a retail portion and car parking spaces with a total gross floor area of 62,139.35 sq.m located in the Zhuyuan central business district of Pudong, Shanghai, adjacent to the Little Lujiazui Finance and Trade Zone.

The Target Property Price of RMB2,627.2 million, being the asset value of the Property agreed by the parties and the basis for the Final Acquisition Price, represents a discount of approximately 5.2% to the Appraised Value (being RMB2,770 million). As the Target Property Price also represents approximately 26.8% of the total market capitalisation of Yuexiu REIT, based on the average closing price of the Units on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of the Share Purchase Deed, the Transaction constitutes a major transaction of Yuexiu REIT and is therefore subject to, among others, approval by the Unitholders of Yuexiu REIT at the EGM in accordance with 10.7 of the REIT Code and the Trust Deed.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, the Target Group Companies and their ultimate beneficial owners, the Escrow Agent (which is a third party independent of the Purchaser and, based on information provided by the Seller, the Seller), the New Offshore Lenders, the New Onshore Lender, the WI Insurer and the tenants under the current tenancies of the Property, are not Connected Persons of Yuexiu REIT and are third parties independent of Yuexiu REIT and its Connected Persons.

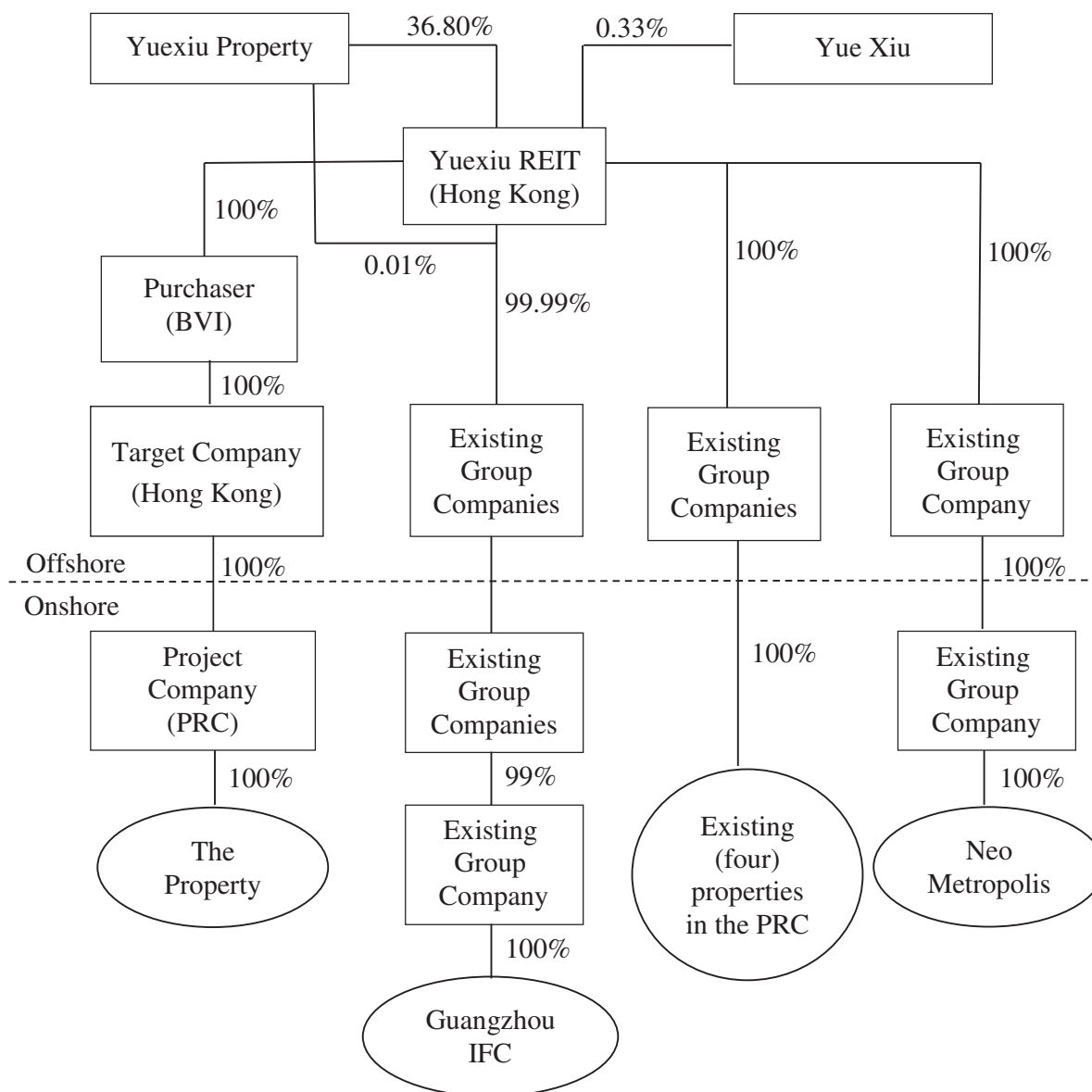
2. Current and Expected Holding Structure

Below is a chart showing the holding structure of the Property as at the date of this announcement:



The Seller is incorporated in the Cayman Islands and its principal business activity is investment holding. The Target Company is incorporated in Hong Kong and wholly-owns the Project Company, which is in turn the registered legal owner of the land use rights and building ownership rights underlying the Property. As at the Latest Practicable Date: (i) the principal business activities of the Target Company and Project Company were investment holding and property investment in the Property respectively; and (ii) neither the Target Company or the Project Company held any other property investments or operated any other businesses.

The simplified expected holding structure of the Property immediately after Completion is as follows:



3. Share Purchase Deed

3.1 Consideration

The consideration for the Transaction shall be equal to the Target Property Price plus all current assets of the Project Company (other than deferred assets) and minus all liabilities (other than shareholder's loan from the Target Company to the Project Company and deferred tax liabilities, if any) in the unconsolidated balance sheets of each member of the Target Group pursuant to the formula set out in the Draft Final Acquisition Price Statement, in each case as at the

Completion Date (the “**Final Acquisition Price**”). To the extent that such amounts comprise of current assets of the Project Company or liabilities of each member of the Target Group, such amounts shall be as set forth in the Audited Completion Balance Sheets and adjusted pursuant to the formula and notes set out in the Draft Final Acquisition Price Statement. The Target Property Price of RMB2,627.2 million, being the asset value of the Property agreed by the parties, has been arrived at on a willing buyer/seller and arm’s length basis after taking into account the quality and historic performance of the Property. The Target Property Price represents a discount of approximately 5.2% to the Appraised Value (being RMB2,770 million). Based on the results of the due diligence in respect of the Property and the Target Group, the Manager does not expect the current assets of the Project Company as at the Completion Date to be material since the Project Company will use its cash balance to repay part of the Existing Onshore Facility on or before Completion. The remainder of the Existing Onshore Facility is a material liability and primarily explains the difference between the Target Property Price and Benchmark Acquisition Price, as explained below in this section A.3.1. Based on the results of the due diligence in respect of the Property and the Target Group, the Manager also understands that the deferred tax liabilities mainly arise from valuation gains in respect of the Property, which in its view, are unlikely to crystalize in the future as the Property is intended to be held by Yuexiu REIT as a long term investment. A small part of the deferred tax liabilities also relates to dividend withholding tax which the Manager also believes to be immaterial, and the Manager does not expect such exclusions to materially affect Yuexiu REIT. The abovementioned shareholder loan is reflected in the assets of the Target Company and liabilities of the Project Company. As no adjustment is made for Target Company assets under the abovementioned formula, the parties have agreed that no adjustment should be made for the Project Company shareholder’s loan liability.

Within 15 days after the Completion Date, the Seller shall prepare in good faith and deliver to the Purchaser and the Manager an unconsolidated balance sheet for each member of Target Group as at the Completion Date (the “**Completion Balance Sheets**”).

The Purchaser (or the Manager) and Seller shall submit the Completion Balance Sheets to PricewaterhouseCoopers or any other independent firm of certified accountants of international repute agreed in writing between the Purchaser and the Seller (the “**Certifying Accountant**”), who shall, as soon as possible and in any event within 45 days after receipt of the Completion Balance Sheets: (i) complete an audit of the Completion Balance Sheets and deliver to the Seller, the Purchaser and the Manager the audited Completion Balance Sheets with adjustments proposed by the Certifying Accountant (as adjusted, the “**Audited**

Completion Balance Sheets”); (ii) based on the Audited Completion Balance Sheets, produce a draft statement as to the amount of the Final Acquisition Price (the “**Draft Final Acquisition Price Statement**”); and (iii) confirm in writing, in its opinion, that the Draft Final Acquisition Price Statement has been prepared in accordance with the Share Purchase Deed (the “**Auditor Confirmation**”) and deliver to the Seller, the Purchaser and the Manager the Draft Final Acquisition Price Statement and the Auditor Confirmation. The Purchaser and the Seller shall agree on the Final Acquisition Price within 5 Business Days of receipt of the Audited Completion Balance Sheets and the Draft Final Acquisition Price Statement.

Pursuant to the Share Purchase Deed, the Final Acquisition Price shall be paid in the following manner:

- (1) within 5 Business Days after the date of the Share Purchase Deed, the Initial Payment shall be paid, or procured to be paid, by the Purchaser to the Escrow Agent for credit to the Deposit Escrow Account in accordance with the terms of the Deposit Escrow Letter. For further details of the Deposit Escrow Account, please refer to section A.3.2 headed “Share Purchase Deed - Deposit Escrow Account” of this announcement;
- (2) on the Completion Date, the Purchaser shall pay, or procure the payment of, an amount equal to the Benchmark Acquisition Price, being an amount calculated in a similar way to the Final Acquisition Price except that it is based on the unconsolidated balance sheets of each member of the Target Group as at the Benchmark Date, being 31 July 2015 (rather than the audited Completion Balance Sheet as at the Completion Date used for determining the Final Acquisition Price), less:
 - (i) the Initial Payment of US\$42,949,860, which has already been paid to the Escrow Agent as per above and which will be released from the Deposit Escrow Account and paid to the Seller pursuant to the terms of the Deposit Escrow Letter (see section A.3.2 for details);
 - (ii) the Existing Offshore Loan Amount of US\$185,000,000, which the Purchaser shall (on behalf and at the direction of the Seller) use to directly repay the Existing Offshore Facility;
 - (iii) the Bulletin 7 Escrow Amount of US\$14,500,000, which is to be paid to the Escrow Agent for credit to the Bulletin 7 Escrow Account (see section A.3.3 for details);

- (iv) the Holdback Amount of US\$3,816,847.10 (being 1.0% of the Benchmark Acquisition Price), which is to be paid to the Escrow Agent for credit to the Holdback Escrow Account (see section A.3.4 for details); and
- (v) US\$381,684.71, being the estimated Seller's one half share of the total stamp duty payable to the Stamp Office in respect of the sale and purchase of the transfer and the Target Company Shares (the "**Estimated Seller Stamp Duty Share**").

such net amount payable to the Seller on the Completion Date being the "**Completion Payment**". The difference between the Benchmark Acquisition Price (being USD381,684,710) (equivalent to approximately RMB2,335 million, as calculated based on the rate of USD1 = RMB6.1169) and the Target Property Price (being RMB2,627,200,000) is primarily due to: (i) the Existing Onshore Facility of RMB380 million (to be fully repaid at Completion as further described in section C.2. of this announcement) which is a liability of the Target Group that adjusts the Target Property Price downwards for the purpose of calculating the Benchmark Acquisition Price; and (ii) RMB131,431,797 cash (part of which shall be used to repay the Existing Onshore Facility at Completion) which is an asset of the Target Group that adjusts the Target Property Price upwards for the purpose of calculating the Benchmark Acquisition Price.

- (3) within 5 Business Days after the later of: (a) the Purchaser and the Seller having agreed on the Final Acquisition Price; and (b) the Stamp Office having finally determined the total stamp duty payable in respect of the transfer and the sale and purchase of the Target Company Shares:
 - (i) the Purchaser shall pay or cause the payment of 100% of all costs and expenses of the Certifying Accountant regarding the preparation of the Audited Completion Balance Sheets, the Draft Final Acquisition Price Statement and the Auditor Confirmation;
 - (ii) if the sum of the Final Acquisition Price: (1) *minus* 50% of the amount actually paid or payable by the Purchaser under (i) above; and (2) (a) *minus* the amount that the Adjudged Seller Stamp Duty Share exceeds the Estimated Seller Stamp Duty Share, or alternatively as the case may be, (b) *plus* the amount that the Adjudged Seller Stamp Duty Share is less than the Estimated Seller Stamp Duty Share:
 - (a) is higher than the Benchmark Acquisition Price, the Purchaser shall pay, or procure the payment of, an amount equal to such excess amount to the Seller; or

- (b) is lower than the Benchmark Acquisition Price, the Seller shall refund an amount equal to such shortfall amount to the Purchaser.

The Final Acquisition Price and other payments pursuant to the Share Purchase Deed will be paid in cash in US\$ calculated based on the median exchange rate between RMB and US\$ published by the People's Bank of China at the relevant time as stated in the Share Purchase Deed, and will be financed by drawing down on the New Offshore Facility in full and Yuexiu REIT's internal resources.

The Final Acquisition Price shall be announced by the Manager as soon as practicable following its determination together with the quantum of the adjustment amounts.

3.2 *Deposit Escrow Account*

Within 5 Business Days after the date of the Share Purchase Deed, the Purchaser shall pay, or procure the payment of, the Initial Payment to the Escrow Agent for credit to the Deposit Escrow Account in accordance with the terms of the Deposit Escrow Letter. The Initial Payment will be refundable in the situations described in section A.3.8 headed "Termination" of this announcement.

Subject to Completion, the Initial Payment will be released from the Deposit Escrow Account to the Seller as payment of part of the Final Acquisition Price at Completion.

3.3 *Bulletin 7 Escrow Account*

On the Completion Date, the Purchaser shall pay, or procure the payment of, the Bulletin 7 Escrow Amount to the Escrow Agent for credit to the Bulletin 7 Escrow Account in accordance with the terms of the Bulletin 7 Escrow Letter and, if applicable, the Seller shall pay, or procure the payment of, additional amount to the Bulletin 7 Escrow Account pursuant to the Seller's tax obligations under Bulletin 7 as set out in section A.5 headed "Tax Obligations under Bulletin 7" in this announcement.

The Bulletin 7 Escrow Letter specifies the timing and the manner of which the Bulletin 7 Escrow Amount will be released: (i) to the relevant PRC tax authority in respect of the Bulletin 7 tax payable by the Seller for the Transaction; and (ii) to the Seller in respect of any remaining balance in the Bulletin 7 Escrow Account.

The Escrow Agent shall not have any responsibility for determining whether the amount and the account specified in the instructions received from the Seller and the Purchaser is correct or whether the Seller has performed its obligations.

3.4 *Holdback Escrow Account*

On the Completion Date, the Purchaser shall pay, or procure the payment of the Holdback Amount to the Escrow Agent for credit to the Holdback Escrow Account in accordance with the terms of the Holdback Escrow Letter.

The Purchaser shall be entitled to claim from the Holdback Escrow Account for all Claims for losses against the Seller which are subject to the limitations set out in section A.3.9 headed “Warranties, Indemnities and WI Insurance Policy” in this announcement.

On the Holdback Amount First Release Date, pursuant to the terms of an irrevocable payment instruction jointly signed by the Purchaser and the Seller, the Seller shall be entitled to receive from the Holdback Escrow Account an amount equal to two-thirds of the Holdback Amount less: (i) the amount of any successful Claims made by the Purchaser against the Seller under the Share Purchase Deed which have been agreed between the Seller and the Purchaser or otherwise finally determined in accordance with the Share Purchase Deed prior to or on the Holdback Amount First Release Date, but which have not yet been paid to the Purchaser pursuant to the Share Purchase Deed prior to or on the Holdback Amount First Release Date; (ii) the amount of any payment made pursuant to the terms of an irrevocable payment instruction jointly signed by the Purchaser and the Seller directing the Escrow Agent to release all or a portion of the amount in the Holdback Escrow Account to such person designated in the instruction or by terms of a final order or judgment ordering the payment of all or a portion of the amount in the Holdback Escrow Account prior to or on the Holdback Amount First Release Date; and (iii) any amount retained in the Holdback Escrow Account pursuant to the retention mechanism below, which have neither been agreed between the Seller and the Purchaser nor finally determined in accordance with the Share Purchase Deed, in each case prior to or on the Holdback Amount First Release Date.

On the Holdback Amount Second Release Date, pursuant to the terms of an irrevocable payment instruction jointly signed by the Purchaser and the Seller, the Seller shall be entitled to receive from the Holdback Escrow Account an amount equal to the amount remaining in the Holdback Escrow Account, if any, less: (i) the amount of successful Claims made by the Purchaser against the Seller under the Share Purchase Deed which have been agreed between the parties or otherwise finally determined in accordance with the Share Purchase Deed after the Holdback Amount First Release Date and prior to or on the Holdback Amount Second Release Date; (ii) the amount retained in the Holdback Escrow Account pursuant to the retention mechanism below which have neither

been agreed between the Seller and the Purchaser nor finally determined in accordance with the Share Purchase Deed prior to or on the Holdback Amount Second Release Date; and (iii) the amount of the accounts receivable of each member of the Target Group as reflected in the Audited Completion Balance Sheets as assets of any member of the Target Group that have not been recovered (after the Purchaser has used its best efforts to do so) as of the Holdback Amount Second Release Date, if any, provided that such amount shall not be subject to any limitations set out in section A.3.9 headed “Warranties, Indemnities and WI Insurance Policy” in this announcement.

In the event that the Purchaser makes any Claim against the Seller in accordance with section A.3.9 headed “Warranties, Indemnities and WI Insurance Policy” in this announcement prior to or on the Holdback Amount First Release Date or the Holdback Amount Second Release Date (as the case may be), an amount equal to each individual Claim, or if more than one such Claim shall be made, the aggregate amount of such Claims shall be retained in the Holdback Escrow Account pending such Claim(s) being agreed between the Seller or the Purchaser or being finally determined by a final order, judgment, determination, award or decree of any court, tribunal or arbitrator.

3.5 *Pre-Completion obligations*

The Seller is required to satisfy a number of customary pre-completion obligations to facilitate the drawdown of the New Onshore Facility and refinancing of the Existing Onshore Facility at Completion. For details of the New Onshore Facility, which will be taken out by the Project Company prior to Completion to partly repay the Existing Onshore Facility, please refer to section C.2. headed “New Onshore Facility” in this announcement.

In addition, the Share Purchase Deed contains general and specific restrictive covenants in terms consistent with market practice that give a significant degree of negative control to the Purchaser in relation to the operation of the Target Group during the period between signing of the Share Purchase Deed and Completion.

3.6 *Completion*

On the date that all the Regulatory Conditions have been fulfilled, the Purchaser shall confirm to the Seller in writing of such fulfilment pursuant to the Share Purchase Deed. Each of the Seller and the Purchaser shall additionally confirm to each other in writing: (a) that, as at the date of the giving of such written confirmation or the date on which such written confirmation is deemed to be given (as the case may be), the other Conditions which the relevant party has

the right to waive (other than those relating to matters at Completion) (the “**Relevant Conditions**”) have been fulfilled to the reasonable satisfaction of that party; and (b) the date upon which Completion is to take place in accordance with the Share Purchase Deed (the “**Completion Confirmations**”).

Completion shall take place on the fifth Business Days after the date on which the Completion Confirmations have been issued and delivered by both the Purchaser and the Seller, or such later date as may be agreed by the Purchaser and the Seller in writing. As soon as practicable following Completion, the Manager will issue an announcement to inform Unitholders that Completion has occurred.

3.7 Conditions Precedent

Completion is subject to and conditional upon satisfaction of the following conditions (collectively, the “**Conditions**”):

- (1) the Seller having complied in all material respects with its obligations, commitments, covenants and undertakings under the Transaction Documents;
- (2) the warranties of the Seller remaining true, accurate and not misleading in any material respect at Completion as if repeated at Completion (by reference to the facts and circumstances existing at Completion);
- (3) the Purchaser having complied in all material respects with its obligations, commitments, covenants and undertakings under the Transaction Documents;
- (4) the warranties of Purchaser remaining true, accurate and not misleading in any material respect at Completion as if repeated at Completion (by reference to the facts and circumstances existing at Completion);
- (5) the EGM Resolution approving the Transaction Documents and the Transaction having been passed by the Unitholders at the EGM, all in accordance with the requirements under the Trust Deed and the REIT Code;
- (6) Yuexiu REIT having published the announcement(s) of the Transaction and despatched the circular to Unitholders in relation to the Transaction for the purpose of obtaining the approval of the Unitholders referred to in paragraph (5) above;

- (7) there having been no fact, matter or event that causes, or is reasonably expected to cause, 30% or more of the above-ground lettable area of the Property to be unable to generate rental income for a period of not less than 12 months from the date of the occurrence of such fact, matter or event; and
- (8) no statute, regulation or decision which would prohibit or materially delay the sale and purchase of the Shares or which would prohibit or materially restrict the operation of the Target Group or the Property having been enacted or taken by any governmental or official authority.

The Purchaser may waive any of the Conditions by notice in writing to the Seller, except for Conditions (3), (4), (5) and (6), which may not be waived by the Purchaser. The Seller may waive Condition(s) (3) and/or (4) by notice in writing to the Purchaser. Conditions (5) and (6) (being the Regulatory Conditions) cannot be waived.

3.8 *Termination*

The Purchaser may terminate the Share Purchase Deed at Completion or any time prior to Completion by written notice to the Seller if: (i) Conditions (1) and (2) have not been fulfilled or waived on or before the Long Stop Date; or (ii) any of the Seller's obligations at Completion are not complied with by the Seller in any respect (other than in any non-material respect) on the Completion Date. In such case, within 5 Business Days after the date of termination: (i) the Initial Payment shall be refunded to the Purchaser in accordance with the Share Purchase Deed and the Deposit Escrow Letter; and (ii) the Purchaser may (at its sole discretion): (a) require the Seller to pay the Purchaser the Seller Liquidated Damages; or (b) seek specific performance and other remedies necessary for enforcing specific performance.

The Seller may terminate the Share Purchase Deed at Completion or any time prior to Completion by written notice to the Purchaser if: (i) Conditions (3) and (4) have not been fulfilled or waived on or before the Long Stop Date; or (ii) any of the Purchaser's obligations at Completion are not complied with by the Purchaser in any respect (other than in any non-material respect) on Completion Date. In such case, within 5 Business Days after the date of termination, the Initial Payment shall be forfeited by the Seller as liquidated damages in lieu of any further claims, and the Initial Payment shall be released to the Seller in accordance with the Share Purchase Deed and the Deposit Escrow Letter.

If Completion does not take place on or before the Long Stop Date due to any reason other than those set out in the immediately preceding paragraph, the Initial Payment shall be refunded to the Purchaser within 5 Business Days after the date of termination.

If, at any time on or before Completion, the Shanghai municipal government or other competent government authority shall acquire or expropriate (徵用), or give written notice of acquisition or expropriation or intended acquisition or expropriation in respect of the whole or any material part of the land use rights or building ownership rights of or relating to the Property, the Seller shall promptly give written notice thereof to the Purchaser, and the Purchaser may, within ten Business Days of receipt of written notice thereof, in its absolute discretion: (i) terminate the Share Purchase Deed by giving prior notice in writing to the Seller; or (ii) elect to effect Completion (subject to compliance with the REIT Code) and all compensation, allowance or other fees recovered or recoverable from the Shanghai municipal government or other competent government authority in the PRC in respect of such acquisition or expropriation shall, after Completion, be for the account of the Purchaser.

The Seller may, by written notice given to the Purchaser, terminate the Share Purchase Deed without liability on its part if the Purchaser fails to pay, or procure the payment of, the Initial Payment to the Escrow Agent for credit to the Deposit Escrow Account within 5 Business Days after the date of the Share Purchase Deed in accordance with the terms thereof.

3.9 *Warranties, Indemnities and WI Insurance Policy*

The Share Purchase Deed contains customary warranties (including warranties relating to tax, title of the Property and compliance with all applicable laws and regulations by each member of the Target Group in conducting its business) to be made by the Seller in respect of, among others, the Target Group and the Property.

Further, to the extent that Completion has occurred and subject to the limitations on the Seller's liability set out below, the Seller irrevocably undertakes to indemnify and to keep indemnified and held harmless the Purchaser (for itself and as trustee for the Trustee, the Manager and each member of the Target Group (and their respective (including the Purchaser's) successors in title, officers, directors, employees and agents)) (each an "**Indemnified Person**") against any liability, losses, damages, fines, fees and costs, on a full indemnity basis, incurred, suffered or sustained by each Indemnified Person or asserted against each Indemnified Person, or any or all of them arising out of: (i) any breach of or non-compliance with any of the warranties, covenants, commitments and undertakings given by the Seller and its other obligations under the Transaction Documents; (ii) any underpayment of property tax with respect to the carparking spaces of the Property by the Project Company; (iii) the additional land premium payable to the local government in relation to the commercial use of Units 101

and 103 of the Property, provided however, the Seller and the Purchaser agree that in no event shall such losses include losses with respect to any actual or prospective strata title sales of any portion of the Property including such Units 101 and/or 103; (iv) the potential penalties that may be imposed by the competent local authority on the Project Company for its failure to register and record the existing tenancies at the Property with the competent real estate registration authority; and (v) the severance payments to be made by the Existing Property Manager to its employees as a result of the termination of the Existing Property Management Agreement, which the Project Company shall indemnify the Existing Property Manager for the payments so made pursuant to the terms of the Existing Property Management Agreement (collectively, the “**Seller Indemnity**”), provided, however, that the Seller shall not be liable for any losses arising out of (ii), (iii) or (iv) above to the extent that such losses would not have arisen or would have been reduced or eliminated but for a voluntary act or transaction of the Purchaser or of any member of the Target Group after Completion.

The maximum aggregate liability of the Seller for a Claim shall not exceed 1.0% of the Final Acquisition Price, and is subject to a minimum per Claim threshold of US\$100,000. Amounts shall only be recoverable from the Seller if the aggregate amount recoverable in respect of all Claims exceeds US\$1 million and the Seller will be liable for the entire amount. Notice of any Claim must be given to the Seller within the first year from Completion. Claims shall first be satisfied by the release of the Holdback Amount (or any applicable part thereof) to the Purchaser, and thereafter, will be paid by the Seller. The Seller shall not be liable in respect of a Claim to the extent that: (i) allowance, provision or reserve in respect of the matter or thing giving rise to such a Claim has been made in the audited accounts or management accounts of the relevant member of the Target Group, the Audited Completion Balance Sheets, or has otherwise been reflected in the adjustments which have been made to the Final Acquisition Price; or (ii) it is based on forecasts, projections or forward looking statements relating to financial matters made by the Seller.

The Purchaser agrees to take all reasonable steps to mitigate any losses incurred by it as a result of any Claim (notwithstanding any indemnity given by the Seller pursuant to the Share Purchase Deed). If any member of the Target Group is entitled to claim under any insurance policy maintained by it, the amount of such insurance monies shall be used to reduce that Claim as much as possible or to extinguish that Claim. The Purchaser shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity for the same loss more than once.

In addition, the Purchaser has purchased a warranty and indemnity insurance policy (the “**WI Insurance Policy**”) with an insurance provider carrying financial strength ratings of A+ (S&P), A2 (Moody’s) and A (AM Best) (“**WI Insurer**”) on and with effect from the date of the Share Purchase Deed to further protect itself against Claims relating to warranties and indemnities that are not recoverable under the Share Purchase Deed due to, for example, the Seller’s limitation cap having been exceeded or the Seller’s limitation period having lapsed, but subject to certain exclusions as stated in the WI Insurance Policy (for instance, exclusions relating to deferred tax, recoverability of future debts, structural defects, environment and contamination, anti-bribery and the specific indemnities). The maximum aggregate liability of the WI Insurer will not exceed US\$35 million (representing 9.2% of the Benchmark Acquisition Price) and will be subject to a de minimis Claim threshold of RMB2,627,200 (being 0.1% of the Target Property Price). Amounts shall only be recoverable from the WI Insurer if the aggregate amount recoverable in respect of all Claims exceeds RMB26,272,000 (being 1.0% of the Target Property Price), and the WI Insurer will only be liable for Claims over and above such threshold. Notice of any Claim must be given to the WI Insurer within 7 years from Completion (for Claims relating to title, authority and tax) or within 2 years from Completion (for other Claims). The premium payable for the WI Insurance Policy is in line with market rates and will be borne wholly by the Purchaser.

Taking into consideration: (1) the abovementioned warranty and indemnity coverage from the Seller (including the Seller’s limitation cap, thresholds and period with respect to Claims) which the Manager considers to be fair and reasonable, on normal commercial terms (for independent private equity vendors) after arm’s length negotiations and the best terms available to the Purchaser in the circumstances, and are in the interests of Yuexiu REIT and the Unitholders as a whole; (2) the WI Insurance Policy and terms thereof which the Manager considers to be fair and reasonable, on normal commercial terms (for policy of a similar size and nature) after arm’s length negotiations and in the interests of Yuexiu REIT and the Unitholders as a whole; (3) the holdback arrangements described in sections A.3.3 and A.3.4 (including the quantum of the Bulletin 7 Escrow Amount and Holdback Amount, as well as the timing for release of such amounts); (4) the satisfactory results of the Manager’s due diligence review in respect of the Property and the Target Group; (5) the immaterial nature of the land premium and unregistered tenancy issues in the opinion of the Manager based on the conclusions of the Manager’s PRC legal advisers summarised in section A.4; and (6) the absence of any guarantee in respect of the Seller’s obligations under the Share Purchase Deed, the Manager is satisfied that the interests of Yuexiu REIT and the Unitholders as a whole in respect of potential Claims are adequately and sufficiently protected.

3.10 *Arm's Length Terms*

The Transaction Documents and WI Insurance Policy have been entered into, or shall be entered into, by the parties thereto on normal commercial terms (including in respect of those terms relating to limitation of liability) following arm's length negotiations.

4. **Due Diligence Review**

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the Property and the Target Group. Such due diligence has been carried out in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual. Immediately upon Completion, Yuexiu REIT will hold good, marketable, legal and beneficial title in the Property.

The Building Consultant has also carried out an inspection and a survey of the Property. Such inspection revealed that both the building and structural fabrics, and the building services installations of the Property were maintained in good condition with only minor rectification works required to be carried out.

4.1 *Land premium in respect of certain portions of the Property*

In respect of the underground portion of the Property (being Units 101 and 103 of the Property), the *Notice on Provisional Rules on Approval of Construction Land and Registration of Real Estate in relation to Shanghai Urban Underground Space issued by the Shanghai Municipal People's Government* (上海市人民政府關於印發上海市城市地下空間建設用地審批和房地產登記試行規定的通知) promulgated in 2006 requires land premium to be calculated for underground operational projects. According to the Manager's due diligence, the total area of such underground operational projects at the Property is approximately 2,051 sq.m. As the land premium has not been paid for such underground area, in the event of a transfer of the underground area, the transferee may be required to pay additional land premium for such underground area.

As advised by the Manager's PRC legal advisers, King & Wood Mallesons, such additional land premium will only be payable when such underground portion is transferred by way of asset sale, and not if the transfer is made by way of an equity transfer. Therefore, no additional land premium for the underground portion is payable by the Project Company in respect of the Acquisition. The additional land premium for the underground portion in the event of an asset sale shall be assessed based on a certain percentage of the then benchmark land price of the area. As advised by the Manager's PRC legal advisers, King & Wood

Mallesons, based on the current benchmark land price (which does not include the value of the physical building built on such land) and information provided by the Independent Property Valuer, the illustrative additional land premium payable (which is for illustration purposes only as the actual amount payable may differ depending on the benchmark land price at the time of such asset sale) may be approximately RMB8.7 million. However, the Manager intends to hold the Property for long term investment after Completion and has no current intention to sell the Property. In the event that the Manager decides to sell the Property, it will seek to do so in the most efficient way, which will likely be an equity transfer. Accordingly, given that the method of selling the Property (which the Manager currently has no intention of) will be entirely at the discretion of the Manager, the Manager is of the view that the likelihood of the additional land premium being required to be paid for the underground area is very remote. On this basis (including the abovementioned RMB8.7 million potential exposure), the Manager does not consider this issue to pose a material risk, and in any case, such risk is mitigated by the Seller Indemnity.

4.2 *Non-registered tenancy agreements*

Pursuant to the *Regulation on House Leasing of Shanghai* (上海市房屋租賃條例) as amended by the Standing Committee of Shanghai Municipal People's Congress on 17 September 2010, the contracting parties of a tenancy agreement are required to register such agreement with the real estate registration institution in the district or county level where the underlying leased property is located. By the *Regulation on House Leasing of Shanghai* (上海市房屋租賃條例), any tenancy agreement that is not registered may not be enforced against third parties acting in good faith, and such regulation does not stipulate that non-registration of such tenancy agreement will result in any monetary penalty.

As at the Latest Practicable Date, there were 107 tenancies at the Property, all but one of which had not been registered. The Project Company is using its best endeavours to ensure that such relevant tenancy agreements will be registered. However, as the co-operation of the relevant tenants and authorities is required to complete and perfect such registration, it is possible that, for reasons outside the Project Company's control, not all currently unregistered tenancy agreements will be registered before Completion. Following Completion, the Manager will use best endeavours to register such tenancy agreements as soon as practicable. The Manager expects that approximately 80% of the currently unregistered tenancy agreements can be registered within 3 months after Completion.

As advised by the Manager's PRC legal advisers, King & Wood Mallesons, as at the Latest Practicable Date, the competent authorities in Shanghai applied local laws and regulations in respect of tenancy registration, and pursuant to such laws and regulations, the unregistered tenancy agreements do not attract monetary penalty. However, if in the future the Shanghai municipal government decides to adopt *Administrative Measures for Leasing of Commodity Housing* (商品房屋租賃管理辦法) promulgated by Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010, a fine of RMB1,000 to RMB10,000 will be imposed for each unregistered tenancy agreement, unless the Project Company rectifies the situation within a prescribed time limit upon the notification by the authority or the unregistered lease is entered into prior to the promulgation of the *Administrative Measures for Commodity House Leasing* (商品房屋租賃管理辦法). Accordingly, the maximum aggregate amount of penalty payable by the Project Company in respect of such unregistered tenancy agreements if the Project Company fails to rectify the situation within the prescribed time limit is approximately RMB1,070,000.

As advised by the Manager's PRC legal adviser, King & Wood Mallesons, the non-registration of the tenancies at the Property would not affect the enforceability or legality of the relevant tenancy agreements, and would not adversely affect the Project Company's legal title to the Property, and the risk of the Project Company being required to pay penalties in respect of unregistered tenancies is very remote, with the amount of the estimated penalties being non-material. On this basis, the Manager does not consider this issue to pose a material risk, and in any case, such risk is mitigated by the Seller Indemnity. Further, the Manager considers such protection to be sufficient and that the interest of the Unitholders are adequately protected.

5. Tax Obligations under Bulletin 7

As advised by the Manager's tax adviser, PricewaterhouseCoopers Consultant (Shenzhen) Limited, the obligation to pay taxes under Bulletin 7 is borne by the Seller, and the Purchaser only has a withholding obligation. The Manager understands from its tax adviser that pursuant to the operations of the Shanghai tax bureau and as agreed with the Seller: (i) the Seller will first make tax filing to the tax bureau; and (ii) the tax bureau will then review the figures submitted by the Seller and issue a notice to the Seller to pay the tax.

Pursuant to the Share Purchase Deed, the Seller shall, at its own expenses, as soon as possible and in any event no later than 30 days after the date of the Share Purchase Deed, report the entering into of the Share Purchase Deed and the Acquisition to the relevant PRC tax authority. The Seller shall at its own expenses: (a) as soon as possible and in any event no later than seven days after the Completion Date, inform the relevant PRC tax authority that Completion of the Transaction has occurred; and (b) as soon as possible after the Final Acquisition Price is agreed, inform the relevant PRC tax authority of the Final Acquisition Price and truly, accurately and completely report all relevant information with respect to the Transaction to the relevant PRC tax authority reasonably available to the Seller as requested to the relevant PRC tax authority. The Seller shall provide the Purchaser with a copy of any and all of its written submission to the relevant PRC tax authority and, to the extent available, a receipt in writing (受理單/回執) issued by the relevant PRC tax authority evidencing the submission, as soon as practicable after the relevant submission has been made. The Seller shall promptly follow-up with the relevant PRC tax authority in respect of its assessment to and payment of PRC Tax on the Transaction, submit all documents supplementally requested by the relevant PRC tax authority in connection with the Transaction and promptly keep the Purchaser and the Manager informed of the foregoing (including providing the Purchaser and the Manager with certified true copies of all correspondence with the relevant PRC Tax Authority and documents issued by the relevant PRC tax authority).

The Seller has also covenanted and undertaken in the Share Purchase Deed to among other things: (a) subject to the release of the amount from the Bulletin 7 Escrow Account pursuant to the Share Purchase Deed, settle and pay in full the taxes payable by it arising out of or relating to the Transaction within the time period required by applicable law, rules and regulations as applied by the relevant PRC tax authority; and (b) if the Seller reasonable expects that the amount of Taxes payable by the Seller arising out of or relating to the Transaction may be greater than the Bulletin 7 Escrow Amount (taking into account the need for conversion of the Bulletin 7 Escrow Amount from USD into RMB), pay the excess amount to the Escrow Agent for credit to the Bulletin 7 Escrow Account prior to the actual submission of the PRC Enterprise Income Tax Return (中華人民共和國扣繳企業所得稅務報告表).

The Seller's liabilities under this section A.5 headed "Tax Obligations under Bulletin 7" shall not be subject to the limitations on the minimum per Claim threshold, aggregate amount recoverable threshold or the maximum aggregate liability of the Seller set out in section A.3.9 headed "Warranties, Indemnities and WI Insurance Policy".

PricewaterhouseCoopers Consultant (Shenzhen) Limited has advised the estimated amount of tax payable under Bulletin 7 in respect of the Acquisition. In view of the above and the advice from PricewaterhouseCoopers Consultant (Shenzhen) Limited, the Manager is of the view that the protection provided by the Seller in respect of tax obligations under Bulletin 7, including the Bulletin 7 Escrow Amount and the Seller's covenant to pay for any shortfall, is sufficient and the interest of the Unitholders are adequately protected.

6. Fees and Charges

The estimated total fees and charges payable by Yuexiu REIT in relation to the Transaction (including, among others, the Acquisition Fee, the Trustee's Additional Fees, advisory fees, service fees, professional fees, origination fees and expenses, fees borne by Yuexiu REIT in relation to the WI Insurance Policy and one half share of the stamp duty borne by Yuexiu REIT (the "**One-Off Fees and Charges**") are approximately RMB77 million. The Hong Kong stamp duty payable for the Acquisition is 0.2% of the higher of the Final Acquisition Price and the fair value of the Target Company Shares, which will be borne by the Purchaser and the Seller in equal shares. The One-Off Fees and Charges are one-off transaction expenses for the Transaction which are of a non-recurring nature.

6.1 *Fees payable by Yuexiu REIT to the Manager and the Trustee in relation to the Transaction*

On Completion, the Manager will be entitled under Clause 15.1(b)(iii) of the Trust Deed to receive an acquisition fee of RMB26,272,000, which is equal to 1.0% of the Target Property Price (i.e. RMB2,627,200,000) for the Property (the "**Acquisition Fee**"). The Manager has elected to receive the Acquisition Fee entirely in cash. The Acquisition Fee will not be subject to the adjustments set out under section A.3.1 headed "Consideration" of this announcement.

Pursuant to Clause 15.2 of the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee in connection with the Transaction which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties in the ordinary course of Yuexiu REIT's day-to-day business operations (the "**Trustee's Additional Fees**"). The Trustee has agreed with the Manager that it will charge Yuexiu REIT a one-time additional fee of up to HK\$500,000 for duties undertaken by it in connection with the Transaction.

6.2 *Ongoing fees and charges payable to the Manager and the Trustee in relation to the Property following Completion*

After Completion:

- (a) the Manager will be entitled to receive from the Deposited Property, fees attributable to the Property comprising: (i) a base fee of 0.3% per annum of the value of the Property as calculated and adjusted in accordance with the Trust Deed; and (ii) a service fee of 3.0% per annum of the net property income as shown in the latest published annual financial statements of Yuexiu REIT, subject to adjustment as calculated in accordance with the Trust Deed pro-rated on a time basis; and
- (b) the Trustee will receive a trustee fee which is currently of 0.03% per annum of the value of the Deposited Property calculated and adjusted in accordance with the Trust Deed, subject to a minimum amount of HK\$50,000 per month.

Pursuant to the Ordinary Resolution approved by independent Unitholders at the extraordinary general meeting of Yuexiu REIT held on 23 July 2012, the Manager will receive its Manager's fees described in (a) above partly in cash and partly in Units in the following proportions for the following periods:

Year	Proportion of Manager's fees to be satisfied in the form of Units	Proportion of Manager's fees to be satisfied in the form of cash
Year ending 31 December 2015	90%	10%
Year ending 31 December 2016	85%	15%
Year ending 31 December 2017	80%	20%

The Manager and the Trustee will be entitled to such fees attributable to the Property in the future for so long as the Property continues to form part of the Deposited Property. Other than as mentioned in this section A.6 of the Circular, no other fees are payable to the Manager and the Trustee in respect of the Transaction.

B. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the key benefits of the Acquisition are that:

- (1) Well-established property and quality asset in strategic location with proven performance and promising outlook

The Property is a Grade-A office building located in the Zhuyuan central business district of Pudong, Shanghai, two kilometres away from the Little Lujiazui Finance and Trade Zone. The Property enjoys excellent accessibility, being within five minutes driving distance to Lujiazui, having direct access to three underground tunnels across the Huangpu River and being less than 10 minutes walking distance to four metro lines. Zhuyuan central business district is also located in the Shanghai Pilot Free Trade Zone, the development of which will further promote office demand in the region. Zhuyuan central business district has been enjoying and is expected to continue to enjoy high occupancy and rental growth for office space. A large number of companies have recently registered in the zone, which resulted in an increase in the demand and rental rate for office premises. The vacancy rate of Zhuyuan central business district was 1.0% as at 30 June 2015. The average annual rental increase for Grade-A offices in Zhuyuan central business district was 6.6% from 2010 to 2014. The average rental rate in Zhuyuan central business district was RMB7.3 per sq.m per day as at 30 June 2015 and is expected to reach RMB9.53 per sq.m per day by 2019, showing the potential of properties in Zhuyuan central business district.

Zhuyuan central business district also serves as an extension of Shanghai's financial district and hosts key financial exchanges including Shanghai Futures Exchange and Shanghai Diamond Exchange. It is set to benefit from the rental growth and surging demand for office buildings in Zhuyuan central business district. The maturing of the area as a central financial district in Shanghai, moving in of Shanghai Stock Exchange and China Securities Depository and Clearing Corporation, and the development of the Shanghai Pilot Free Trade Zone are expected to increase the business activities in Zhuyuan central business district and create stronger demand for Grade-A office buildings. These will translate into strong growth potential for the Property.

- (2) Expansion of footprint beyond Guangzhou and more diversified property portfolio

The Acquisition will be the first step for Yuexiu REIT to expand its footprint beyond Guangzhou. The Acquisition demonstrates Yuexiu REIT's strong

ability to grow in other Tier 1 cities in the PRC. In addition, the Acquisition will enlarge Yuexiu REIT's investment portfolio by approximately 11.5% (on the basis of the Existing Properties' independent valuation as at 30 June 2015). The Manager believes that the Acquisition will complement Yuexiu REIT's strong establishment in Guangzhou with a new presence in Shanghai, capturing the growth potential from main financial and business hubs of the PRC. The Appraised Value of the Property as at 30 June 2015 will represent approximately 10.3% of Yuexiu REIT's enlarged investment portfolio (on the basis of the Existing Properties' independent valuation as at 30 June 2015). The Acquisition will diversify the sources of Yuexiu REIT's income and the current property portfolio of Yuexiu REIT.

- (3) The Acquisition is consistent with Yuexiu REIT's investment objectives and growth strategy

The Manager's principal investment strategy for Yuexiu REIT is to invest in high quality income-producing commercial real estate in Guangzhou and other tier 1 cities in the PRC with capital appreciation potential. Given that the Property is a Grade-A office building located in one of the central business districts of Shanghai, the Manager believes the Acquisition is in line with Yuexiu REIT's investment objectives and growth strategy. The Acquisition will be the first acquisition from an independent third party for Yuexiu REIT and demonstrates Yuexiu REIT's ability to successfully source and secure quality assets from parties other than Yuexiu Property and outside of its traditional home market of Guangzhou. The Manager believes the successful completion of the Acquisition will enhance Yuexiu REIT's growth prospects through both third party and Yuexiu Property related acquisition opportunities.

- (4) Positive outlook of strong reversion growth

As at 30 June 2015, the average rental rate of the office portion of the Property was RMB7.68 per sq.m per day, which exceeded the daily average rental rate of office properties in the Zhuyuan central business district by approximately 5.2%. The average rental rate of office properties in Little Lujiazui as at June 2015 was at RMB10.7 per sq.m per day compared to the average rental rate of office properties in Zhuyuan central business district of only RMB7.3 per sq.m per day. Given the proximity of the Little Lujiazui and Zhuyuan central business district, Zhuyuan central business district will take up excess demand from Little Lujiazui and there is potential rental reversion of the Property.

Based on the latest new lease of the Property, the highest rental rate of the office portion has reached RMB9.5 per sq.m per day, representing a substantial increase of 23.7% compared with the average rental rate of RMB7.68 per sq.m per day for the office portion of the Property as at June 2015 and a 9.2% increase as compared to Shanghai overall grade A office rent of RMB8.7 per sq.m. per day as at June 2015. For the leases newly signed and renewed in full year 2013, 2014 and first half of 2015, the average rental rate of the office portion has reached RMB 6.8 per sq.m per day, RMB 7.8 per sq.m per day and RMB 9.0 per sq.m per day respectively, representing a growth of 14.7% in 2014 and 15.4% in 2015. As at 30 June 2015, the occupancy rates for the retail and office portions of the Property were 94.69% and 99.29% respectively. Following this positive trend, future rental growth will feed into a promising reversion rental growth upon the expiry of existing tenancies in the years 2016 and 2017 when the majority of the tenancies will expire, which will provide the Property with a more steady and positive future in the years to come.

- (5) Enhance the overall quality of Yuexiu REIT's tenant mix and a steady income stream

The Property has strong occupancy and rental rates and a diversified tenant portfolio. As at 30 June 2015, the occupancy rates for the retail and office portions of the Property were 94.69% and 99.29% respectively. As at June 2015, the average rental rate per sq.m per day was RMB7.68 for the office portion and RMB6.07 for the retail portion. This offers a stable and attractive rental income stream for Yuexiu REIT after Completion. The Property has a high quality tenant mix that feature both large local and multinational tenants, which will further enhance the overall quality of the tenant mix of the property portfolio of Yuexiu REIT.

C. FINANCING OF THE ACQUISITION

On the assumption that there is no difference between the Benchmark Acquisition Price and the Final Acquisition Price, the Final Acquisition Price of USD381,684,710 (equivalent to approximately RMB2,335 million, as calculated based on the rate of USD1 = RMB6.1169) and the One-Off Fees and Charges of approximately RMB77 million shall be financed by drawing down on the New Offshore Facility of US\$394 million (which is equivalent to approximately RMB2,400 million) in full and approximately RMB12 million of Yuexiu REIT's internal resources. Part of the Existing Onshore Facility will be repaid before

completion by the Project Company using RMB72 million of Yuexiu REIT's internal resources. The New Onshore Facility of RMB300 million will be used in full to fully repay the remaining outstanding amount of the Existing Onshore Facility (being RMB300 million) at Completion.

1. **New Offshore Facility**

The Manager has entered into a commitment letter with the New Offshore Lenders for the provision of the New Offshore Facility, which is intended to be drawn down in full at Completion to finance (together with Yuexiu REIT's internal resources) the payment of the Final Acquisition Price and the One-Off Fees and Charges.

The New Offshore Facility, to be provided to the Purchaser, will comprise two tranches:

- (1) A tranche of up to the US\$177 million, which will bear interest as follows:
 - (i) first 6 months (LIBOR + 1.7% per annum);
 - (ii) 7th to 12th month (LIBOR + 1.75% per annum);
 - (iii) thereafter (LIBOR + 2.123% per annum) (the “**Offshore 1+2 Tranche**”).Such tranche will mature and become repayable 1 year from the date of the New Offshore Facility agreement, and is extendable for another 2 years at the sole discretion of the Purchaser.
- (2) A tranche of up to the US\$217 million, which will bear interest as follows:
 - (i) first 12 months (LIBOR + 1.88% per annum);
 - (ii) thereafter (LIBOR + 2.055% per annum) (the “**Offshore Term Tranche**”).Such tranche will mature and become repayable 3 years from the date of the New Offshore Facility agreement.

The New Offshore Facility will be secured by unconditional and irrevocable guarantees from the Trustee in favour of the New Offshore Lenders.

The terms and conditions of the New Offshore Facility described in this announcement are indicative only, and may be subject to change, depending on the market conditions at the time the New Offshore Facility is finalised and the relevant loan agreement(s) are signed, and do not represent the complete set of the actual terms and conditions. The actual terms and conditions of the New Offshore Facility may differ from, or may comprise additional or fewer terms and conditions as compared with, the indicative terms and conditions described in this announcement. To the extent that there are any material changes to the indicative terms and conditions described in this announcement, the Manager will issue an announcement to provide details of such changes.

2. New Onshore Facility

Pursuant to the Share Purchase Deed, the Seller shall procure that the Project Company shall cooperate in good faith with the New Onshore Lender for the provision of the New Onshore Facility at the reasonable direction of the Purchaser or the Manager, including but not limited to, executing the documents, if required, in form and substance reasonably satisfactory to the Seller and taking the actions as reasonably requested by the Purchaser, the Manager or the New Onshore Lender as contemplated under the Share Purchase Deed. Part of the Existing Onshore Facility will be repaid before Completion by the Project Company using RMB72 million of Yuexiu REIT's internal resources. The New Onshore Facility will be used in full to fully repay the remaining outstanding amount of the Existing Onshore Facility at Completion. The New Onshore Loan requires majority lender's consent from the lenders under the Existing Onshore Loan, which is expected to be obtained prior to Completion.

Pursuant to a commitment letter entered into with the New Onshore Lender, the New Onshore Facility will be an amortized term facility of up to RMB300 million with minimum repayment semi-annually and its final maturity date will occur on a day that falls 3 years from the date of the New Onshore Facility agreement. The New Onshore Facility will bear interest at 110% of the PBOC lending rate per annum. The New Onshore Facility will be secured by an unconditional and irrevocable guarantee from the Trustee.

The terms and conditions of the New Onshore Facility described in this announcement are indicative only, and may be subject to change, depending on the market conditions at the time the New Onshore Facility is finalised and the relevant loan agreement(s) are signed, and do not represent the complete set of the actual terms and conditions. The actual terms and conditions of the New Onshore Facility may differ from, or may comprise additional or fewer terms and conditions as compared with, the indicative terms and conditions described in this announcement. To the extent that there are any material changes to the indicative terms and conditions described in this announcement, the Manager will issue an announcement to provide details of such changes.

3. Expected Gearing Ratio

The Manager expects the Gearing Ratio of Yuexiu REIT will increase from 31.0% (as at 30 June 2015) to approximately 36.7% immediately following Completion. Such Gearing Ratio is below the 45% limit permitted under the REIT Code.

D. INFORMATION ON THE PROPERTY AND THE TARGET GROUP

1. The Property

1.1 *Description*

The Property comprises a 25-storey (plus 2-level basement) Grade A office building with a retail portion and car parking spaces with a total gross floor area of 62,139.35 sq.m located in the Zhuyuan central business district of Pudong, Shanghai. After Completion, the Property will be wholly-owned by Yuexiu REIT through the Target Company and the Project Company. The Target Company is a special purpose vehicle incorporated in Hong Kong, whose principal business activity is the ownership of the entire equity interest in the Project Company, a wholly-owned foreign enterprise established in the PRC, which in turn is the registered legal owner of the land use rights and building ownership rights underlying the Property.

A simplified chart showing the property holding structure of the Property as at the Latest Practicable Date and a simplified chart showing the property holding structure of the Property immediately after Completion are represented in section A.2 headed “Current and Expected Holding Structure” in this announcement.

1.2 *Surrounding Environment*

The Property is located in the Zhuyuan central business district of Pudong Shanghai, two kilometers to the east of the Little Lujiazui Finance and Trade Zone. The Property has direct access to a number of metro stations by being strategically situated at the intersection of metro lines 2, 4, 6 and 9. Zhuyuan serves as an extension of Shanghai’s financial district and hosts key financial exchanges including Shanghai Futures Exchange, Shanghai Diamond Exchange and will soon be home to the Shanghai Stock Exchange as well as the China Securities Depository and Clearing Corporation which will drive demand for office spaces from financial industries. Zhuyuan is also located in the Shanghai Pilot Free Trade Zone, the development of which will further promote office demand in the region.

1.3 Key Information

The table below sets out certain key information on the Property as at 30 June 2015, unless otherwise indicated.

Address	388 Fushan Road, Pudong, Shanghai
Year and month of completion	September 2010
Term of land use rights⁽¹⁾	Office and Retail: 50 years (expiring on 6 January 2055) Car park: 50 years (expiring on 6 January 2055)
Building ownership right	Building ownership certificate obtained on 29 September 2011. No expiry date.
Gross floor area	Office: 39,769.63 sq.m. Retail: 6,256.70 sq.m. Car park: 13,502.58 sq.m. Area for special use (management office, owners' committee office, bicycle park, refuge floor): 2,610.44 sq.m. Total: 62,139.35 sq.m.
Gross rentable area	Office: 39,769.63 sq.m. Retail: 6,256.70 sq.m. Car park: 13,502.58 sq.m. Total: 59,528.91 sq.m.
Number of car parking spaces	Aboveground: 27 Underground: 273
Number of tenants	107
Average rent (RMB/sq.m/day) (excluding car parking spaces) (for the month of June 2015) ⁽²⁾	Office: 7.68 Retail: 6.07
Monthly rental income of car park space for 30 June 2015	RMB142,460

Percentage of gross rentable area leased to top 10 tenants (as at 30 June 2015) ⁽³⁾	30.14%
Percentage of total monthly rent from top 10 tenants (as at 30 June 2015) ⁽³⁾	32.17%
Occupancy rate⁽⁴⁾	Office: 99.29% Retail: 94.69%
Net Property Income for the six months ended 30 June 2015⁽⁵⁾	RMB46 million
Appraised Value as at 30 June 2015	RMB2,770 million

Notes:

- (1) As advised by the Manager's PRC legal adviser, King & Wood Mallesons, according to the Law of the People's Republic of China on Administration of Urban Real Estate, if the land user intends to continue to use the land upon expiry of the use term, such user shall file an application for extension at least one year prior to expiry of the use term, the approval shall be granted except that the land needs to be expropriated for social public interest. Upon approval on extension, a new land use right grant contract shall be signed and the land premium shall be paid according to the relevant regulations. Further, there is no expiry date regarding the building ownership right. As such, as advised by King & Wood Mallesons, unless the government plans to expropriate the land due to public interest, there will not be any material legal impediment for extension of the land use right.
- (2) Average rent per leased sq.m is based on current gross (base) rent.
- (3) Top 10 tenants (all being Independent Third Parties) by gross rentable area as at 30 June 2015.
- (4) The occupancy rate is calculated based on leased gross rentable area excluding the car parking spaces as at 30 June 2015.
- (5) Calculated by deducting property operating expenses from Gross Revenue based on information provided by the Seller. "**Gross Revenue**" consists of gross rental income and all income accruing or resulting from the operation of the Property, including property management fee income, advertising revenue and other revenues. Property operating expenses include direct property related expenses incurred by the Target Company, including, without limitation, property management fees, property agency fee, utilities expenses, insurance expenses, tax related expenses and expenses related to repairs and maintenance.

2. Management of the Property

Upon Completion, the Manager will have the general power of management over the Property and its main responsibility is to manage the Property, as well as other assets and liabilities of Yuexiu REIT, for the benefit of the Unitholders.

2.1 *New Property Management Agreement*

At Completion, the Project Company and Yicheng Shanghai Branch shall enter into a new property management agreement (the “**New Property Management Agreement**”), pursuant to which Yicheng Shanghai Branch shall act as the property manager of the Property and provide overall management services in respect of the entire Property for a term commencing from the Completion Date to 31 December 2017.

Under the New Property Management Agreement, Yicheng Shanghai Branch will be entitled to collect a property management fee from the tenants at a rate of approximately RMB29 per sq.m per month for the office portion of the Property, and at a rate of up to RMB45 per sq.m per month for the retail portion of the Property (adjustable for Consumer Price Index increases) depending on the actual monthly property management expenses of the Property.

The fees are payable by the tenants directly to Yicheng Shanghai Branch. The property management fees collected by Yicheng Shanghai Branch will be used for payment of, among other things, the reimbursement of Yicheng Shanghai Branch’s staff costs, common space maintenance expenses, cleaning and landscaping expenses, insurance expenses, relevant taxes as well as Yicheng Shanghai Branch’s remuneration.

The services to be provided by Yicheng Shanghai Branch under the New Property Management Agreement include, among other things, upkeep, repair and maintenance services of the common areas and facilities of the Property, monitoring and security services, obtaining the relevant insurances required for the Property, drawing up a user manual and establishing local rules for the Property (which is subject to the approval of the Project Company), as well as producing annual property management plans (for the review and approval by the Project Company). Yicheng Shanghai Branch may appoint specialised service providers to carry out specialised property management functions but may not delegate the whole of its property management responsibilities under this agreement to another person.

Yicheng Shanghai Branch is a Connected Person of Yuexiu REIT under 8.1 of the REIT Code by virtue of being an indirectly-owned subsidiary of Yuexiu Property. Accordingly, the New Property Management Agreement and the transaction contemplated thereunder will constitute continuing connected party transaction of Yuexiu REIT, which falls within the scope of “property management agreements” described in the 2014 Extended Waiver. For further details, please see section F.6 in this announcement.

Yicheng Shanghai Branch will also on or after Completion engage the Existing Property Manager as property management consultant of the Property for a term of 3 months to ensure the continuance of property management services, smooth transition of property management responsibility and leverage the Existing Property Manager’s knowledge of local market and the Property.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Colliers is not a Connected Person of Yuexiu REIT and is a third party independent of Yuexiu REIT and its Connected Persons.

2.2 Tenancy Services Agreement

The Manager and the Project Company shall enter into a tenancy services agreement (the “**Tenancy Services Agreement**”) with GZAM Shanghai Branch on or after Completion pursuant to which GZAM Shanghai Branch will provide tenancy services to all tenants of the Property for a term commencing from the Completion Date to 31 December 2017 and as consideration for such services, an annual leasing agents’ fee of 3% of the gross annual rental for the Property will be charged. The Tenancy Services Agreement and the transaction contemplated thereunder fall within the scope of the “tenancy services agreement” described in the 2014 Extended Waiver. For further details of the fees payable and the types of services provided for under the “tenancy services agreement”, please refer to the 2014 Extended Waiver.

The Manager expects that the Tenancy Services Agreement will be made on normal commercial terms and will not be prejudicial to the interests of Yuexiu REIT and the Unitholders.

GZAM Shanghai Branch is a Connected Person of Yuexiu REIT under 8.1 of the REIT Code by virtue of being an indirectly wholly-owned subsidiary of Yuexiu Property. Accordingly, the Tenancy Services Agreement and the transaction contemplated thereunder will constitute continuing connected party transaction of Yuexiu REIT, which falls within the scope of “tenancy services agreements” described in the 2014 Extended Waiver. For further details, please see section F.6 in this announcement.

2.3 *Car Park Master Lease Agreement*

The Manager and the Project Company shall enter into a car park master lease agreement (the “**Car Park Master Lease Agreement**”) with Yicheng Shanghai Branch on or after Completion, pursuant to which the car parks as a whole will be master-leased to Yicheng Shanghai Branch for the period commencing from the Completion Date to 31 December 2017 for RMB1.8 million per year.

Yicheng Shanghai Branch is a Connected Person of Yuexiu REIT under 8.1 of the REIT Code by virtue of being an indirectly non-wholly owned subsidiary of Yuexiu Property. Accordingly, the Car Park Master Lease Agreement and the transaction contemplated thereunder will constitute continuing connected party transaction of Yuexiu REIT, which falls within the scope of “leasing transaction” described in the 2014 Extended Waiver. For further details, please see section F.6 in this announcement.

3. *Information on the Target Group*

The Target Company is a company incorporated in Hong Kong with limited liability and the Project Company is a wholly-foreign owned enterprise established in the PRC. The Target Company owns the entire equity interest in the Project Company, which in turn is the registered legal user of the land use rights and the registered legal owner of the building ownership rights underlying the Property. Under the business licence (營業執照) currently in force, the term of operation of the Project Company is from 26 September 2001 to 25 September 2041. The PRC legal adviser of the Manager, King & Wood Mallesons, has advised that there is no legal impediment for the renewal of the term of operation of the Project Company as such renewal will primarily involve formality procedures. As advised by the Manager’s tax adviser, PricewaterhouseCoopers Consultant (Shenzhen) Limited, the unremitted retained earnings of the Project Company will be subject to a 10.0% withholding tax based on the business nature of the Target Company in the track record period. King & Wood Mallesons has further advised that, there is no legal impediment on the remittance of dividends on retained earnings of the Project Company out of the PRC to the Target Company, provided that such remittance is made and tax-levied in accordance with the procedures set out under the relevant PRC foreign investment, tax and foreign exchange laws and regulations.

Based on the Seller's warranties, the Target Company and the Project Company will not at Completion have any business operations other than the investment in the Project Company and the investment, holding, leasing and management of the Property.

Based on the Seller's warranties, none of the Target Company and the Project Company currently had any employees as at 30 June 2015. Under the Share Purchase Deed, the Seller shall procure that all labour contracts and employment relationships between the Project Company and all its employees shall have been effectively terminated on or before the date of Completion in accordance with PRC laws and regulations and all amounts payable by the Project Company to its employees shall have been fully paid on or before Completion.

E. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

The Circular will contain information as to the pro forma financial effects of the Acquisition on Yuexiu REIT. In particular, it will contain information relating to:

- (a) the pro forma financial effects of the Acquisition on the DPU for the six months ended 30 June 2015, as if the Acquisition was completed on 1 January 2015, and Yuexiu REIT had held and operated the Property through to 30 June 2015;
- (b) the pro forma financial effects of the Acquisition on the net assets attributable to Unitholders per Units as at 30 June 2015, as if the Acquisition was completed on 30 June 2015; and
- (c) the pro forma capitalization of Yuexiu REIT as at 30 June 2015, as if Yuexiu REIT had completed the Transaction on 30 June 2015.

Please refer to the Circular for the bases and assumptions used for the calculation, which will comply with the relevant requirements of the REIT Code.

F. IMPLICATIONS UNDER THE REIT CODE AND THE TRUST DEED

1. Independence of Counterparties

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, the Target Group Companies and their ultimate beneficial owners, as well as the Escrow Agent (which is a third party independent of the Purchaser and, based on information provided by the Seller, the Seller), the New Offshore Lenders, the New Onshore Lender, the WI Insurer and the tenants under the current tenancies of the Property, are not Connected Persons of Yuexiu REIT.

2. Major Transaction

As the Target Property Price represents approximately 26.80% of the total market capitalisation of Yuexiu REIT, based on the average closing price of Yuexiu REIT on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of the Share Purchase Deed, the Transaction constitutes a major transaction of Yuexiu REIT under the Listing Rules (as if applicable to Yuexiu REIT) and requires Unitholders' approval by way of an Ordinary Resolution under the Trust Deed.

3. Ordinary Resolution

Please refer to the EGM Notice for the proposed EGM Resolution in relation to the Transaction. As soon as practicable after the EGM, the Manager will issue an announcement setting out the results of the EGM, including whether the proposed EGM Resolution has been passed.

4. Restrictions on Voting

Paragraph 9.9(f) of the REIT Code provides that where a Unitholder has a material interest in the resolution tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting.

Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the resolution tabled for approval at a general meeting of the Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting its Units or being counted in the quorum for the general meeting.

To the best of the Manager's knowledge, information and belief, after having made reasonable enquiries, the Manager takes the view that no Unitholders are required to abstain from voting at the EGM in respect of the Transaction.

5. Submissions made to the SFC in respect of 7.5(d) of the REIT Code

7.5(d) of the REIT Code provides that the scheme shall have no more than two layers of SPVs. The scheme may hold real estate through special purpose vehicles (“*SPVs*”) only if the scheme has no more than two layers of special purpose vehicles. As indicated in the note to 7.5(d) of the REIT Code, the Commission has the discretion to allow a scheme to have additional layer(s) of special purpose vehicles if justified by the particular circumstances.

As set out in section A.2 headed “Current and Expected Holding Structure” in this announcement, the current holding structure of the Property involves four layers of SPVs and, upon Completion, three layers of SPVs. The current holding structure has been in place since the time of establishment of the Project Company. At such time, such a structure was put in place to facilitate:

- (i) group reorganisation and the disposal of property interests through ultimate or intermediate holding companies to achieve savings in transaction costs;
- (ii) investment by strategic investors, who have the option of acquiring an indirect interest in the Target Property at an offshore level; and
- (iii) the arrangement of offshore financing for the Property.

The Manager has made a submission in respect of 7.5(d) of the REIT Code to the SFC for the purpose of facilitating future group reorganisation and disposal of property interests through an intermediate holding company (for example, to achieve savings in transaction costs), subject to the condition that there will be no change to the maximum number of three layers of SPVs used by Yuexiu REIT for holding of the Property without further approval of the SFC.

6. Property Management Agreement, Tenancy Services Agreement and Car Park Master Lease Agreement

On 11 December 2014, the SFC granted an extension of a waiver from strict compliance with certain requirements under Chapter 8 of the REIT Code in respect of certain continuing connected party transaction between the REIT on the one hand and certain Connected Persons on the other hand (the “**2014 Extended Waiver**”).

As disclosed in section D.2.1 headed “New Property Management Agreement” in this announcement, the New Property Management Agreement and the transaction contemplated thereunder constitute connected party transaction of Yuexiu REIT. The New Property Management Agreement and the transaction contemplated thereunder fall within the scope of the “property management

arrangements” described in the 2014 Extended Waiver. As the fees payable under the New Property Management Agreement will be paid by the relevant tenants rather than Yuexiu REIT or its property holding companies, on this basis, no annual monetary caps are required in respect of such fees.

As disclosed in section D.2.2 headed “Tenancy Services Agreement” in this announcement, the Tenancy Services Agreement and the transaction contemplated thereunder constitute connected party transaction of Yuexiu REIT. The Tenancy Services Agreement and the transaction contemplated thereunder fall within the scope of the “tenancy services agreements” described in the 2014 Extended Waiver (the “**Connected TSAs**”). The Manager expects that the aggregate annual amounts of: (i) fees payable by Yuexiu REIT to GZAM Shanghai Branch under the Tenancy Services Agreement; and (ii) the aggregate amounts of fees payable by Yuexiu REIT to the relevant leasing agents under the tenancy services agreements for the Existing Properties, for each of the three financial years ending 31 December 2015, 2016 and 2017 respectively will not exceed the respective annual caps for the Connected TSAs for the three financial years ending 31 December 2015, 2016 and 2017 under the 2014 Extended Waiver granted by the SFC. Accordingly, no modification or extension of the 2014 Extended Waiver is necessary as a result of the entering into of the Tenancy Services Agreement and the transaction contemplated thereunder.

As disclosed in section D.2.3 headed “Car Park Master Lease Agreement” in this announcement, the Car Park Master Lease Agreement and the transaction contemplated thereunder constitute connected party transaction of Yuexiu REIT. On 11 December 2014, the SFC granted the 2014 Extended Waiver. The Car Park Master Lease Agreement and the transaction contemplated thereunder fall within the scope of the “leasing transaction” described in the 2014 Extended Waiver (the “**Connected Leasing Transaction**”). The Manager expects that the aggregate annual amounts of: (i) fees payable to Yuexiu REIT by Yicheng Shanghai Branch under the Car Park Master Lease Agreement; and (ii) the aggregate amounts of fees payable to Yuexiu REIT by the relevant lessees under the tenancy agreements for the Existing Properties, for each of the three financial years ending 31 December 2015, 2016 and 2017 respectively will not exceed the respective annual caps for the Connected Leasing Transaction for the three financial years ending 31 December 2015, 2016 and 2017 under the 2014 Extended Waiver granted by the SFC. Accordingly, no modification or extension of the 2014 Extended Waiver is necessary as a result of the entering into of the Car Park Master Lease Agreement and the transaction contemplated thereunder.

Based on the tenancy profile and information available to the Manager as at the Latest Practicable Date, the Manager confirms that other than the New Property Management Agreement, Tenancy Services Agreement and Car Park Master Lease Agreement, there are no other continuing connected party transaction that will arise as a result of the Acquisition.

The Board (including the independent non-executive Directors) considers that, subject to Completion, each of the New Property Management Agreement, Tenancy Services Agreement and Car Park Master Lease Agreement: (i) is in the ordinary and usual course of business of Yuexiu REIT; (ii) will be entered into at arm's length basis and on normal commercial terms; (iii) is fair and reasonable; and (iv) is in the interests of Yuexiu REIT, the independent Unitholders and the Unitholders as a whole.

7. Purchaser has Discretion

Given the Acquisition is dependent on the satisfaction of the Conditions, for the avoidance of doubt, Unitholders should note that the Purchaser has the discretion, after consultation with and taking instructions from the Manager, to not proceed with the Acquisition if any of the Conditions shall not have been fulfilled prior to the Long Stop Date.

G. OPINIONS OF THE BOARD

Directors

Having regard to the reasons for, terms of, and factors and other information taken into consideration in relation to, the proposed Transaction as described in this announcement, including but not limited to the terms of the Seller Indemnity and the determination of the Final Acquisition Price, the Board (including the independent non-executive Directors) considers that the Transaction: (i) is on normal commercial terms; (ii) is in the ordinary and usual course of business of Yuexiu REIT; (iii) is consistent with the investment objectives and strategy of Yuexiu REIT; (iv) will be entered into at arm's length basis and on normal commercial terms; (v) is fair and reasonable; and (vi) is in the interests of Yuexiu REIT and the Unitholders as a whole in accordance with the REIT Code and accordingly, recommend that the Unitholders vote at the EGM in favour of the resolution in respect of the Transaction.

H. OTHERS

1. Circular

The Yuexiu REIT circular containing, among other things: (i) a letter from Yuexiu REIT Manager Board to the Unitholders containing details of the Transaction; (ii) the opinion of the Board with respect to the Transaction; (iii) the views of the Trustee in respect of the Transaction; (iv) the financial information of Yuexiu REIT; (v) the accountant's report in respect of the Target Group; (vi) the unaudited pro forma financial information of the Enlarged Group; (vii) the Independent Property Valuer's Property valuation report; (viii) Market Consultant's report; (ix) the EGM Notice; and (x) form of proxy for the EGM, will be despatched to the Unitholders on or about 6 August 2015.

2. Closure of Register of Unitholders

In order to determine which Unitholders will qualify to attend and vote at the EGM, the Register of Unitholders will be closed from 21 August 2015 to 24 August 2015 (both days inclusive) during which period no transfers of Units will be effected. For those Unitholders who are not already on the Register of Unitholders, in order to qualify to attend and vote at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 20 August 2015.

3. Indicative Timetable

Please see below an indicative timetable showing the key dates of the relevant events:

Event	Date & Time
Latest date and time for lodging transfers of Units to participate and vote in the EGM	20 August 2015 at 4:30 p.m.
Book closure period (both days inclusive) to determine the eligibility of Unitholders to participate and vote in the EGM	21 August 2015 to 24 August 2015
Latest date and time for lodging proxy forms for the EGM	22 August 2015 at 4:30 p.m.

Event	Date & Time
EGM Record Date	Close of business on 24 August 2015
Date and time of the EGM	24 August 2015 at 10:30a.m.
If the approvals sought at the EGM are obtained:	
Drawdown under the New Facilities	To be determined by the Manager (but no later than the Long Stop Date)
Completion of the Acquisition	To be determined by the Manager (but no later than the Long Stop Date)

Further announcement(s) will be made by the Manager in relation to those events which are scheduled to take place after the EGM as and when appropriate in accordance with applicable regulatory requirements.

Completion is subject to and conditional upon satisfaction of certain conditions (as set out in section A.3.7 headed “Conditions Precedent”), which includes Unitholders’ approval being obtained at the EGM, and accordingly, may or may not complete. Unitholders, as well as any prospective investors of Yuexiu REIT, are advised to exercise caution when dealing in the Units.

I. DEFINITIONS

In this announcement, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, those defined terms are not included in the table below:

2014 Annual Report	the annual report of Yuexiu REIT for the year ended 31 December 2014
2014 Extended Waiver	the waiver extension granted by the SFC on 11 December 2014 in respect of certain continuing connected party transaction between Yuexiu REIT and certain Connected Persons, details of which are further set out in the circular of Yuexiu REIT dated 25 November 2014

Acquisition	the proposed acquisition by the Purchaser from the Seller of the Target Company Shares pursuant to the Share Purchase Deed
Acquisition Fee	the acquisition fee that the Manager is entitled to, as more particularly described in section A.6.1 headed “Fees payable by Yuexiu REIT to the Manager and the Trustee in relation to the Acquisition” in this announcement
Adjudged Seller Stamp Duty Share	the Seller’s one half share of the total stamp duty payable as finally determined by the Stamp Office in respect of the transfer and the sale and purchase of the Target Company Shares
Appraised Value	the value of the Property as at 30 June 2015 as appraised by the Independent Property Valuer, being RMB2,770 million
Audited Completion Balance Sheets	the audited Completion Balance Sheets as more particularly described in section A.3.1 headed “Consideration” in this announcement
Auditor Confirmation	has the meaning given to this term in section A.3.1 headed “Consideration” in this announcement
Benchmark Acquisition Price	the amount equal to the Target Property Price plus all current assets of the Project Company (other than deferred assets) and minus all liabilities (other than shareholder’s loan from the Target Company to the Project Company and deferred tax liability, if any) in the unconsolidated balance sheets of each member of the Target Group, in each case as at the Benchmark Date, as contained in and adjusted in the manner set out in the Illustration, being USD381,684,710
Benchmark Date	31 July 2015
Board	the board of Directors
Building Consultant	Vigers Building Consultancy Limited

Bulletin 7

the Tax notice issued by the PRC State Administration of Taxation titled “State Administration of Taxation’s Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (State Administration of Taxation Bulletin [2015] No. 7 (國家稅務總局公告2015年第7號)), as may be amended or supplemented from time to time and including any similar or replacement notice or law on the PRC tax treatment of offshore indirect transfers of property of an “establishment or place” situated in the PRC, real estate situated in the PRC, equity interests in PRC resident enterprises and any other property directly held by a non-resident enterprise and whose transfer results in enterprise income tax liability for the non-resident enterprise in accordance with the provisions of the Enterprise Income Tax Law of the PRC, including any applicable laws in the PRC against the avoidance of PRC tax

Bulletin 7 Escrow Account

(a) in respect of the payment (or procurement of payment) by the Purchaser of the Bulletin 7 Escrow Amount pursuant to the Share Purchase Deed and, if applicable, the payment (or procurement of payment) by the Seller of any additional amount pursuant to the Share Purchase Deed, a designated trust (client) bank account in the name of the Escrow Agent with the Escrow Bank, being a multi-currency non-interest bearing bank account; or (b) if applicable, such alternative account as may be directed by the Seller and the Purchaser in accordance with the Bulletin 7 Escrow Letter

Bulletin 7 Escrow Amount

US\$14,500,000

Bulletin 7 Escrow Letter

the letter for the establishment and administration of the Bulletin 7 Escrow Account entered into among the Purchaser, the Seller and the Escrow Agent on the date of the Share Purchase Deed

Business Day	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in the United States of America, Singapore, Hong Kong and the PRC
BVI	British Virgin Islands
Car Park Master Lease Agreement	has the meaning given to this term in section D.2.3 headed “Car Park Master Lease Agreement” in this announcement
Claim	means: (i) any tax claim; (ii) any claim for losses by the Purchaser against the Seller in respect of any of the Seller’s warranties and/or indemnifications under the Share Purchase Deed; or (iii) any claim for the amount of the accounts receivable of each member of the Target Group as reflected in the Audited Completion Balance Sheets as assets of any member of the Target Group that have not been recovered (after the Purchaser has used its best efforts to do so) as of the Holdback Amount Second Release Date, if any, provided that this amount shall not be subject to any Seller limitations set out in the Share Purchase Deed and as summarised in section A.3.9 headed “Warranties, Indemnities and WI Insurance Policy”
Circular	the circular to be issued by the Manager in respect of the Transaction and related matters
Completion	completion of the Acquisition pursuant to the Share Purchase Deed
Completion Balance Sheets	the unconsolidated balance sheets for each member of the Target Group as at the Completion Date, as more particularly described in section A.3.1 headed “Consideration” in this announcement
Completion Confirmations	has the meaning given to this term in section A.3.6 headed “Completion” in this announcement
Completion Date	the date on which Completion occurs, as more particularly described in section A.3.6 headed “Completion”

Completion Payment	the payment amount as more particularly described in section A.3.1 headed “Consideration” in this announcement
Conditions	the conditions precedent to Completion, as more particularly described in section A.3.7 headed “Conditions Precedent” in this announcement
Connected Person	has the meaning ascribed to this term in the REIT Code
Connected TSAs	the “tenancy services agreements” described in the 2014 Extended Waiver
Deposit Escrow Account	(a) in respect of the payment (or procurement of payment) by the Purchaser of the Initial Payment pursuant to the Share Purchase Deed, the designated trust (client) bank account number in the name of the Escrow Agent and with the Escrow Bank, being a multi-currency non-interest bearing bank account; or (b) if applicable, such alternative account as may be directed by the Seller and the Purchaser in accordance with the Deposit Escrow Letter
Deposit Escrow Letter	the letter for the establishment and administration of the Deposit Escrow Account entered into among the Purchaser, the Seller and the Escrow Agent on the date of the Share Purchase Deed
Deposited Property	all the assets of Yuexiu REIT, including the Existing Properties held in Yuexiu REIT’s portfolio and, from and after Completion, the Property
Directors	the directors of the Manager
Draft Final Acquisition Price Statement	has the same meaning ascribed to it in section A.3.1 headed “Consideration” in this announcement
EGM	the extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice
EGM Notice	the notice to be included in the Circular in respect of the EGM to consider and, if thought fit, approve the EGM Resolution

EGM Record Date	24 August 2015, being the date by reference to which the eligibility of the Unitholders to participate in the EGM will be determined
EGM Resolution	the Ordinary Resolution to be passed at the EGM, as set out in the EGM Notice and explained in the Circular
Enlarged Group	collectively, Yuexiu REIT and the Target Group
Escrow Agent	Mayer Brown JSM
Escrow Bank	The Hongkong and Shanghai Banking Corporation Limited, the bank at which the Deposit Escrow Account, the Bulletin 7 Escrow Account and the Holdback Escrow Account are maintained
Escrow Letters	collectively, the Deposit Escrow Letter, the Bulletin 7 Escrow Letter and the Holdback Escrow Letter
Estimated Seller Stamp Duty Share	has the same meaning ascribed to it in section A.3.1 headed “Consideration” in this announcement
Existing Offshore Facility	the US\$185 million secured term loan facility granted to the Seller (as borrower) by a syndicate of lenders
Existing Offshore Loan Amount	US\$185,000,000
Existing Onshore Facility	the RMB380 million secured term loan facility granted to the Project Company (as borrower) by a syndicate of lenders
Existing Properties	the 6 properties currently held by Yuexiu REIT as at the Latest Practicable Date as described in the 2014 Annual Report
Existing Property Management Agreement	the property management agreement between the Project Company and the Existing Property Manager dated 26 May 2014
Existing Property Manager	Colliers International Shanghai Limited 上海高力國際物業服務有限公司, the existing property manager of the Property pursuant to the Existing Property Management Agreement

Final Acquisition Price	has the same meaning ascribed to it in section A.3.1 headed “Consideration” in this announcement
Gearing Ratio	at the time of a new borrowing, the aggregate of the existing borrowings of Yuexiu REIT and such new borrowing as a percentage of the total gross asset value of the Deposited Property as set out in Yuexiu REIT’s latest published audited accounts immediately prior to such new borrowing being effected (as adjusted in accordance with the Trust Deed)
Grade A office	has the same meaning ascribed to it in the Appendix 5 headed “Market Consultant’s Report” to the Circular
Group	Yuexiu REIT and the companies or entities directly or indirectly held or controlled by Yuexiu REIT, and “Group Company” means any one of them
GZAM Shanghai Branch	the Shanghai branch established on 29 May 2015 of 廣州越秀資產管理有限公司 (Guangzhou Yue Xiu Asset Management Limited), a company incorporated in the PRC which is an indirect wholly-owned subsidiary of Yuexiu Property
GZYX	廣州越秀集團有限公司 (Guangzhou Yuexiu Holdings Limited), a State-owned limited liability company incorporated in the PRC beneficially wholly owned by the Guangzhou Municipal People’s Government of the PRC
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Holdback Escrow Account	(a) in respect of the payment (or procurement of payment) by the Purchaser of the Holdback Amount pursuant to the Share Purchase Deed, the designated trust (client) bank account in the name of the Escrow Agent with the Escrow Bank, being a multi-currency non-interest bearing bank account; or (b) if applicable, such alternative account as may be directed by the Seller and the Purchaser in accordance with the Deposit Escrow Letter

Holdback Escrow Letter	the letter for the establishment and administration of the Holdback Escrow Account entered into among the Purchaser, the Seller and the Escrow Agent on the date of the Share Purchase Deed
Holdback Amount	an amount equal to 1.0% of the Benchmark Acquisition Price, being USD3,816,847.10
Holdback Amount First Release Date	10 March 2016
Holdback Amount Second Release Date	10 June 2016
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Illustration	an illustration of the calculation of the Benchmark Acquisition Price which is appended to the Share Purchase Deed
Independent Property Valuer	Vigers Appraisal and Consulting Limited, the current principal valuer of Yuexiu REIT
Initial Payment	the US\$ equivalent of an amount equal to approximately 10% of the Target Property Price, (as calculated based on the rate of USD1 = RMB6.1169), being US\$42,949,860
Latest Practicable Date	29 July 2015, being the latest practicable date prior to the printing of this announcement for the purpose of ascertaining certain information contained in this announcement
LIBOR	London Interbank Offered Rate, being the average interest rate estimated by leading banks in London that the average leading bank would be charged if borrowing from other banks for a specified period ranging from overnight to one year

Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Long Stop Date	20 September 2015, or such a later date as agreed by the Purchaser and the Seller in writing
Manager	Yuexiu REIT Asset Management Limited (in its capacity as the manager of Yuexiu REIT), a company incorporated under the laws of Hong Kong
Market Consultant	Savills (Hong Kong) Limited
New Property Management Agreement	the new property management agreement to be entered into between the Project Company and Yicheng Shanghai Branch at Completion, as more particularly described in section D.2.1 headed “New Property Management Agreement” in this announcement
New Offshore Facility	(i) a USD177 million term loan facility and (ii) a USD217 million term loan facility, in each case to be made available by the New Offshore Lenders to the Purchaser, and the details of which are further set out in section C.1 headed “New Offshore Facility” in this announcement
New Offshore Lenders	a syndicate of banks arranged by DBS Bank Ltd. and Standard Chartered Bank (Hong Kong) Limited
New Onshore Facility	a RMB300 million term loan facility to be made available by the New Onshore Lender to the Project Company, details of which are further set out in section C.2 headed “New Onshore Facility” in this announcement
New Onshore Lender	DBS Bank (China) Limited, Shanghai Branch, being the lender under the New Onshore Facility
Offshore 1+2 Tranche	has the meaning given to this term in section C.1 headed “New Offshore Facility” in this announcement
Offshore Term Tranche	has the meaning given to this term in section C.1 headed “New Offshore Facility” in this announcement

One-Off Fees and Charges	the estimated total fees and charges payable by Yuexiu REIT in relation to the Transaction as more particularly described in section A.6 headed “Fees and Charges” in this announcement
Ordinary Resolution	a resolution of Unitholders passed by a simple majority of the votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue
PRC	The People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region
Project Company	上海宏嘉房地產開發有限公司 (Shanghai Hong Jia Real Estate Development Co., Ltd.), a limited liability company established in the PRC and a wholly-owned subsidiary of the Target Company which developed and owns the Property
Property	the property known as Hongjia Tower located at 388 Fushan Road, Pudong New District, Shanghai, Municipality, PRC
Purchaser	Yuexiu REIT 2013 Company Limited, a special purpose vehicle of Yuexiu REIT that will directly hold the Target Company Shares
Regulatory Conditions	collectively, Conditions (5) and (6) set out in section A.3.7 headed “Conditions Precedent” in this announcement
REIT	Real Estate Investment Trust
REIT Code	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being
RMB	Renminbi, the official currency of the PRC

Seller	Century Holding Company Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands, which is owned in the manner described in section A.2 headed “Current and Expected Holding Structure” in this announcement
Seller Indemnity	has the meaning given to this term in section A.3.9 headed “Warranties, Indemnities and WI Insurance Policy” in this announcement
Seller Liquidated Damages	the amount equal to the Initial Payment
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share Purchase Deed	the deed for the sale and purchase of all the issued shares in the capital of Bestget Enterprises Limited dated 31 July 2015 entered into between the Seller and the Purchaser, and related disclosure letter, pursuant to which the Seller agrees to sell to the Purchaser the Target Company Shares with the rights attaching to them as at and from the Completion Date
Significant Holder	has the meaning ascribed to this term in the REIT Code
SPV	a special purpose vehicle that is owned and controlled by Yuexiu REIT in accordance with the REIT Code and the Trust Deed
sq.m	square metre
Stamp Office	the Stamp Office of the Inland Revenue Department of Hong Kong
Target Company	Bestget Enterprises Limited, a limited liability company incorporated in Hong Kong and the direct owner of the Project Company, which in turn owns the Property
Target Company Shares	all of the issued shares of the Target Company, to which the entire amount of share capital of the Target Company is attributable

Target Group	collectively (1) the Target Company; and (2) the Project Company, and “Target Group Company” means any one of them
Target Property Price	the sum of RMB2,627,200,000, which represents the asset value of the Property agreed by the Seller and the Purchaser
Tenancy Services Agreement	the tenancy services agreement to be entered into between the Manager, the Project Company and GZAM Shanghai Branch on or after Completion, as more particularly described in section D.2.2 headed “Tenancy Services Agreement” in this announcement
Transaction	the Acquisition and entering into and performance of the Share Purchase Deed and all other related transaction with respect to the Transaction Documents
Transaction Documents	collectively: (1) the Share Purchase Deed (details of which are set out in section A.3 headed “Share Purchase Deed” in this announcement); and (2) the Escrow Letters
Trust Deed	the trust deed constituting Yuexiu REIT dated 7 December 2005 and entered into between the Trustee and the Manager, as the same may be amended and supplemented from time to time
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as trustee of Yuexiu REIT. All references to the Trustee in this announcement are, as the context may require, to the Trustee acting on behalf of Yuexiu REIT and on the instructions of the Manager
Trustee’s Additional Fees	the additional fees that the Trustee is entitled to charge for duties undertaken by the Trustee in connection with the Transaction which are of an exceptional nature or otherwise outside the scope of the Trustee’s normal duties in the ordinary course of Yuexiu REIT’s day-to-day business operations, as more particularly described in section A.6.1 headed “Fees payable by Yuexiu REIT to the Manager and the Trustee in relation to the Transaction” in this announcement

Unit	one undivided unit in Yuexiu REIT
Unitholder	any person registered as holding a Unit on the register of Unitholders of Yuexiu REIT
US\$	United States dollars, the lawful currency of the United States of America
WI Insurance Policy	the warranty and indemnity insurance policy purchased by, and issued to, the Purchaser by the WI Insurer on the date of the Share Purchase Deed, as more particularly described in section A.3.9 headed “Warranties, Indemnities and WI Insurance Policy” in this announcement
WI Insurer	has the meaning given to this term in section A.3.9 headed “Warranties, Indemnities and WI Insurance Policy” in this announcement
Yicheng Shanghai Branch	the Shanghai branch established on 29 May 2015 of 廣州怡城物業管理有限公司 (Guangzhou Yicheng Property Management Ltd), a limited liability company established in the PRC which is 99.28% indirectly owned by Yuexiu Property
Yue Xiu	Yue Xiu Enterprises (Holdings) Limited, a limited liability company incorporated in Hong Kong which is wholly owned by GZYX
Yuexiu Property	Yuexiu Property Company Limited (越秀地產股份有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 123) and on the SGX-ST
Yuexiu REIT	Yuexiu Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorised under Section 104 of the SFO subject to applicable conditions from time to time (whose Units are listed on the Stock Exchange) and the companies controlled by it, as the context requires
%	per cent or percentage

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this announcement to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this announcement shall be a reference to Hong Kong time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.78893 as at the Latest Practicable Date and conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.8 as at the Latest Practicable Date. The exchange rates are for illustration purpose only and do not constitute representation that any amounts have been, could have been, or may be exchanged at the rates or any other rate at all.

By order of the board of directors of
Yuexiu REIT Asset Management Limited
(as manager of Yuexiu Real Estate Investment Trust)
YU Tat Fung
Company Secretary

Hong Kong, 2 August 2015

As at the date of this announcement, the Board comprises:

Executive Directors: *Mr. Liu Yongjie (Chairman) and Mr. Lin Deliang*

Non-executive Director: *Mr. Li Feng*

Independent Non-executive Directors: *Mr. Chan Chi On Derek, Mr. Chan Chi Fai Brian and
Mr. Cheung Yuk Tong*