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越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

(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



越秀房託資產管理有限公司

YUEXIU REIT ASSET MANAGEMENT LIMITED

NEW LOAN FACILITIES AND CONNECTED PARTY TRANSACTION

On 2 November 2016, Guangzhou Yue Xiu City Construction International Finance Centre Co. Ltd., a subsidiary of Yuexiu REIT, entered into (i) a RMB2,355.5 million syndicated loan bearing interest at 88% of the People's Bank of China over 5-year base lending rate from time-to-time (such PBOC rate being 4.9% per annum as at the date of this announcement), maturing in 2028 and secured against part of Guangzhou International Finance Center; and (ii) a RMB1,000 million entrustment loan bearing interest at 88% of the People's Bank of China over 5-year base lending rate (such PBOC rate being 4.9% per annum as at the date of this announcement), maturing in 2028 and secured against part of Guangzhou International Finance Center.

Chong Hing Bank Limited, who will be committing RMB400 million of the Syndicated Loan, is a connected person of Yuexiu REIT. Accordingly, the transactions resulting from CHB's commitment in the Syndicated Loan constitute connected party transactions of Yuexiu REIT. For the avoidance of doubt, the Entrustment Loan is not a connected party transaction of Yuexiu REIT as it is entered into with independent third parties and separate to the Syndicated Loan. As the loan commitment of CHB under the Syndicated Loan represents less than 5% of the latest published net asset value of Yuexiu REIT, the REIT Manager is of the view that the CHB Syndicated Loan Transactions do not require approval from the independent Unitholders under the REIT Code.

This announcement is made pursuant to 8.14 and 10.3 of the REIT Code.

NEW LOAN FACILITIES

On 2 November 2016, 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Centre Co. Ltd.) (“**Borrower**”), a subsidiary of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”) and the direct property holding company of Guangzhou International Finance Center, entered into the following new loan facilities:

- (i) a RMB2,355.5 million syndicated loan bearing interest at 88% of the People’s Bank of China (“**PBOC**”) over 5-year base lending rate from time-to-time (such PBOC rate being 4.9% per annum as at the date of this announcement), maturing in 2028 and secured against part of Guangzhou International Finance Center (the “**Syndicated Loan**”). China Construction Bank Guangzhou Tianhe Branch, being an independent third party of Yuexiu REIT, will act as the arranger in respect of the Syndicated Loan. To the best of the knowledge, information and belief of Yuexiu REIT Asset Management Limited (the “**REIT Manager**”), other than Chong Hing Bank Limited (“**CHB**”) who will be committing RMB400 million of the Syndicated Loan (“**Committed Amount**”) (with no obligation or ability to commit amounts other than the Committed Amount under the terms of the Syndicated Loan), all of the Syndicated Loan lenders are independent third parties of Yuexiu REIT and are not connected persons of Yuexiu REIT; and
- (ii) a RMB1,000 million entrustment loan bearing interest at 88% of the PBOC over 5-year base lending rate from time-to-time (such PBOC rate being 4.9% per annum as at the date of this announcement), maturing in 2028 and secured against part of Guangzhou International Finance Center (the “**Entrustment Loan**”). To the best of the REIT Manager’s knowledge, information and belief, all of the Entrustment Loan lenders are independent third parties of Yuexiu REIT and are not connected persons of Yuexiu REIT.

The Syndicated Loan and Entrustment Loan are separate and not inter-conditional, and the commitments of the Syndicated Loan lenders (under the Syndicated Loan) and the Entrustment Loan lenders (under the Entrustment Loan) are several. However, they are both expected to be drawn down in full on or about 3 November 2016 to refinance Yuexiu REIT’s existing loan facilities (including but not limited to the outstanding balance of the Borrower’s RMB3,000 million facility due December 2023 and RMB1,500 million facility due December 2023) and fund Yuexiu REIT’s general working capital requirements. Assuming full drawdown of both loans, the gearing ratio of Yuexiu REIT immediately following the completion of the aforementioned refinancing exercise will increase from 37.8% (as disclosed in the

latest unaudited financial statements of Yuexiu REIT as at 30 June 2016) to 38.4%. The REIT Manager does not expect the new loan facilities to have a material impact on the financial position of Yuexiu REIT with respect to the latest interim financial statements of Yuexiu REIT as at 30 June 2016.

The new loan facilities are not subject to any interest rate swap arrangements. However, the REIT Manager will closely monitor interest rate movements in respect of its borrowings and manage its overall interest expenses, having regard to market conditions.

REGULATORY IMPLICATIONS

CHB is an associated company of the REIT Manager, by virtue of Yue Xiu Enterprises (Holdings) Limited controlling more than 20% of the voting rights of CHB and the REIT Manager. Accordingly, CHB is a connected person of Yuexiu REIT pursuant to 8.1(g) of the Code on Real Estate Investment Trusts (the “**REIT Code**”). Therefore, the transactions resulting from CHB’s commitment in the Syndicated Loan (the “**CHB Syndicated Loan Transactions**”), including the opening of a bank account with CHB (as one of the Syndicated Loan Lenders), constitutes connected party transactions of Yuexiu REIT under the REIT Code. For the avoidance of doubt, the Entrustment Loan is not a connected party transaction of Yuexiu REIT as it is entered into with independent third parties and separate to the Syndicated Loan.

As the loan commitment of CHB under the Syndicated Loan (being 3.0% of the latest published net asset value of Yuexiu REIT, as disclosed in its latest published audited accounts) represents less than 5% of the latest audited and published net asset value of Yuexiu REIT, the REIT Manager is of the view that the CHB Syndicated Loan Transactions do not require approval from the independent unitholders of Yuexiu REIT (the “**Unitholders**”) under 8.9 of the REIT Code, and are therefore only subject to the reporting and announcement requirements under Chapters 8 and 10 of the REIT Code.

All applicable reporting and announcement requirements under the REIT Code regarding the CHB Syndicated Loan Transactions have been or will be complied with, including the requirement for: (i) this announcement to be issued pursuant to 8.14 and 8.16 of the REIT Code; and (ii) summary disclosure pursuant to 8.15 and 8.16 of the REIT Code.

After due consideration of the terms of the Syndicated Loan, Entrustment Loan and other relevant factors in connection with the refinancing needs of Yuexiu REIT, the board of directors of the REIT Manager (including the independent non-executive directors) are satisfied that: (i) the Syndicated Loan and the transactions

contemplated thereunder are at arm's length, on normal commercial terms, and are fair and reasonable and in the interests of Yuexiu REIT, the independent Unitholders and the Unitholders as a whole notwithstanding that the CHB Syndicated Loan Transactions constitute connected party transactions under the REIT Code; and (ii) the Syndicated Loan and Entrustment Loan and transactions thereunder are consistent with the investment objectives and strategy of Yuexiu REIT.

This announcement is made pursuant to 8.14 and 10.3 of the REIT Code.

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 November 2016

As at the date of this announcement, the REIT Manager board of directors comprises:

Executive Director: *Mr. LIN Deliang and Mr. CHENG Jiuzhou*

Non-executive Directors: *Mr. LIN Zhaoyuan (Chairman) and Mr. LI Feng*

Independent Non-executive Directors: *Mr. CHAN Chi On, Mr. CHAN Chi Fai,
Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaou*