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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)

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ANNOUNCEMENT

- (1) **CONNECTED PARTY TRANSACTIONS RELATING TO THE ACQUISITION OF 67.0% OF A COMMERCIAL PROPERTY IN WUHAN;**
- (2) **EXTENSION OF EXISTING CONTINUING CONNECTED PARTY TRANSACTION WAIVER AND PROPOSED NEW ANNUAL CAPS FOR CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS; AND**
- (3) **EXTRAORDINARY GENERAL MEETING AND CLOSURE OF REGISTER OF UNITHOLDERS**

Financial Advisers to the Manager
(in alphabetical order)



Morgan Stanley

**Independent Financial Adviser to the Independent Board Committee,
the Independent Unitholders and the Trustee**



Acquisition of the Wuhan Property

On 14 November 2017, Yuexiu REIT (through WH Purchaser) entered into the Acquisition Deed with WH Vendor (as seller) and Yuexiu Property (as guarantor), pursuant to which WH Purchaser agreed to: (i) purchase 67.0% of the Wuhan Property (through the purchase of the WH Sale Shares representing the entire equity interest in WH Target Company, which will (after the Reorganisation) indirectly hold 67.0% of WH Project Company, which is the registered legal owner of the land use rights and current ownership rights underlying the Wuhan Property) from WH Vendor; and (ii) accept the assignment of WH Loan from WH Vendor, with the rights attached to it as at the Completion Date.

The consideration for the acquisition of WH Sale Shares and the assignment of WH Loan is RMB2,280,606,300 (being the Agreed Acquisition Amount), subject to an adjustment being the WH Target Group Adjusted NAV as at Completion. The Agreed Acquisition Amount was arrived at after taking into account the valuation of the Wuhan Property by the Independent Property Valuer, and represents a discount of approximately 5.1% to the Proportionate WH Appraised Value of RMB2,403,290,000 (which is 67.0% of the WH Appraised Value in respect of the entire Wuhan Property as at 31 August 2017, being RMB3,587,000,000).

The Wuhan Property comprises: (a) the entire 68-storey office and commercial development known as “Wuhan Yuexiu Fortune Centre (武漢越秀財富中心)”; (b) the entire 5-storey shopping arcade known as “Starry Victoria Shopping Centre (星匯維港購物中心)” (inclusive of a 1-storey basement); (c) the 1,134 Commercial Carpark Spaces; and (d) the 375 Residential Carpark Spaces. The Commercial Carpark Spaces and Residential Carpark Spaces are situated in an underground carpark comprising a total of 3,188 spaces (being the Total Carpark Spaces). The remaining 1,679 spaces are held by independent third parties and do not form part of the Wuhan Property.

Financing of the Acquisition

The Manager intends to finance the Consideration: (i) as to the Initial Completion Payment and WH True-up Payment, from drawing down on the New Bank Facility up to an amount not exceeding RMB1,222,000,000 (based on the prevailing HKD/RMB exchange rate as determined by the cross rates of USD/CNY (HK) Spot Rate and USD/HKD Spot Rate and which are announced by the Treasury Markets Association of Hong Kong at around 11:30 a.m. (Hong Kong Time) on Reuters at the relevant time), and internal resources; and (ii) as to the Deferred Completion Payment (and all accrued interest thereon) payable within one year after Completion, from utilising one or more financing means (which may include

drawing on additional new bank borrowings and/or utilising internal resources from the disposal of one or more Existing Properties) having regard to prevailing market conditions and the strategic objectives of Yuexiu REIT and/or drawing down on the Vendor Facility to the extent there is any shortfall. The One-Off Fees and Charges will be financed by internal resources and/or drawing down on the New Bank Facility. As of the Latest Practicable Date, Yuexiu REIT has not entered into any binding agreement in relation to the disposal of any one or more Existing Properties.

Based on the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix 2 to the Circular and the estimated One-Off Fees and Charges in relation to the Acquisition, the Manager expects the Gearing Ratio of Yuexiu REIT to decrease from 37.1% (as at 30 June 2017) to approximately 36.4% immediately following payment of the Initial Completion Payment (but not the Deferred Completion Payment) at Completion, assuming: (i) completion of the Acquisition; (ii) drawdown under the New Bank Facility to finance the Initial Completion Payment; and (iii) retention by WH Project Company of RMB300,000,000 cash. Please refer to the section headed “Consideration and Payment Terms for the Acquisition” for more details on the Consideration.

For illustrative purposes only, based on the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix 2 to the Circular and the estimated One-Off Fees and Charges in relation to the Acquisition, the same assumptions as above and further assuming the Deferred Completion Payment is fully paid upon Completion and entirely financed from the Vendor Facility, the Manager expects the Gearing Ratio of Yuexiu REIT to increase from 37.1% (as at 30 June 2017) to approximately 38.6% upon Completion. For avoidance of doubt, rather than financing the Deferred Completion Payment from the Vendor Facility, Yuexiu REIT may instead utilise more favourable financing means (which may include drawing down on the additional new bank borrowings and/or utilising internal resources from the disposal of one or more Existing Properties) for financing the Deferred Completion Payment, which may result in a lower Gearing Ratio than 38.6%. Further, such impact on the Gearing Ratio of Yuexiu REIT would only crystallise once the Vendor Facility is drawn down, which would likely coincide with the payment of the Deferred Completion Payment up to one year after Completion.

Reasons for and Benefits of the Acquisition

The Board (including all the INEDs) believes that the Acquisition will bring the following benefits to the Unitholders:

- Capture strong economic fundamentals and growth potential of Wuhan
- Enter into a fast growing market at attractive valuation and with down-side protection
- Enhance and upgrade portfolio quality
- Diversify portfolio and reduce risk
- Enlarge portfolio scale

2017 Waiver Extension

The 2014 Extended Waiver will expire on 31 December 2017. In light of the upcoming expiration of the 2014 Extended Waiver, the Manager has made a submission to the SFC to seek an extension of the 2014 Extended Waiver so that it will continue to apply for the three financial years ending 31 December 2020. As part of its submission, the Manager has also proposed New Annual Caps for the extended period.

Implications under the REIT Code, the Trust Deed and the Listing Rules

As at the date of this announcement, Yuexiu Property is an associated company of a significant holder of Yuexiu REIT (being Dragon Yield), by virtue of Yuexiu Property owning more than 20% of the voting rights of Dragon Yield. WH Vendor, being an indirect wholly-owned subsidiary of Yuexiu Property, is an associated company of Dragon Yield. As a result, Yuexiu Property and WH Vendor are each a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code.

Accordingly, each of the following constitutes a connected party transaction of Yuexiu REIT under paragraph 8.5 of the REIT Code: (a) the Acquisition and the consummation of the transactions contemplated under the Acquisition Deed; and (b) upon completion of the Acquisition, the execution of the Joint Venture Agreement and the consummation of the transactions contemplated thereunder.

As the sum of the Agreed Acquisition Amount (being RMB2,280,606,300) and an illustrative interest amount of RMB13,330,493 accruing on the Deferred Completion Payment (based on interest accruing on 40.0% of the Agreed Acquisition Amount), being RMB2,293,936,793, exceeds 5.0% of the net asset value of Yuexiu REIT (as disclosed in its latest published audited accounts, as adjusted for the interim distribution paid by Yuexiu REIT since the publication of such accounts) pursuant to paragraph 8.11 of the REIT Code and clause 31.1 of the Trust Deed, each of the connected party transactions above (being the Transaction Matters Requiring Approval) will require Independent Unitholders' approval by way of an Ordinary Resolution at the EGM.

As: (a) the sum of the Agreed Acquisition Amount and the abovementioned illustrative interest amount (being RMB2,293,936,793) represents approximately 18.4% of the total market capitalisation of Yuexiu REIT (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the Latest Practicable Date); and (b) the WH Appraised Value of the Wuhan Property (being RMB3,587,000,000) represents approximately 11.7% of the total assets of Yuexiu REIT as at 30 June 2017 (as adjusted for the interim distribution paid by Yuexiu REIT), the Acquisition constitutes a discloseable transaction for Yuexiu REIT under the Listing Rules (as if the Listing Rules were applicable to Yuexiu REIT).

Circular

The Circular containing, among other things: (a) letter from the Board to the Unitholders containing details of, among others, the Matters Requiring Approval; (b) a letter from the Independent Board Committee; (c) a letter from the Independent Financial Adviser; (d) the Accountant's Report in respect of the WH Target Group; (e) the unaudited pro forma financial information of the Enlarged Group; (f) the Independent Property Valuer's Wuhan Property valuation report; (g) the Market Consultant report for the Wuhan property market; and (h) the notice of the EGM, has been issued on the date hereof and will be sent to the Unitholders as soon as possible.

The completion of the Acquisition is subject to and conditional upon satisfaction of certain conditions (as set out in the section headed "Conditions precedent under the Acquisition Deed" in this announcement), which includes Unitholders' approval being obtained at the EGM for the Transaction Matters Requiring Approval. Accordingly, the Acquisition may or may not complete. Unitholders, as well as any prospective investors of Yuexiu REIT, are therefore advised to exercise caution when dealing in the Units.

A. THE ACQUISITION

1. Overview of the Acquisition

On 14 November 2017, Yuexiu REIT (through WH Purchaser) entered into the Acquisition Deed with WH Vendor (as seller) and Yuexiu Property (as guarantor), pursuant to which WH Purchaser agreed to: (i) purchase 67.0% of the Wuhan Property (through the purchase of the WH Sale Shares representing the entire equity interest in WH Target Company, which will (after the Reorganisation) indirectly hold 67.0% of WH Project Company, which is the registered legal owner of the land use rights and current ownership rights underlying the Wuhan Property) from WH Vendor; and (ii) accept the assignment of WH Loan from WH Vendor, with the rights attached to it as at the Completion Date. The remaining 33.0% equity interest in WH Project Company will be retained by WH Vendor (through WH Vendor Subsidiary), who is a connected person of Yuexiu REIT by virtue of being an indirect wholly-owned subsidiary of Yuexiu Property.

The consideration for the acquisition of WH Sale Shares and the assignment of WH Loan is RMB2,280,606,300 (the “**Agreed Acquisition Amount**”), subject to an adjustment being the WH Target Group Adjusted NAV as at Completion. The Agreed Acquisition Amount was arrived at after taking into account the valuation of the Wuhan Property by the Independent Property Valuer, and represents a discount of approximately 5.1% to the Proportionate WH Appraised Value of RMB2,403,290,000 (which is 67.0% of the WH Appraised Value in respect of the entire Wuhan Property as at 31 August 2017, being RMB3,587,000,000).

The Wuhan Property comprises: (a) the entire 68-storey office and commercial development known as “Wuhan Yuexiu Fortune Centre (武漢越秀財富中心)”; (b) the entire 5-storey shopping arcade known as “Starry Victoria Shopping Centre (星匯維港購物中心)” (inclusive of a 1-storey basement); (c) 1,134 carpark spaces designated by WH Project Company as spaces supporting the retail and office portions of the Wuhan Property (the “**Commercial Carpark Spaces**”); and (d) 375 carpark spaces designated by WH Project Company as spaces supporting the residential development known as “Starry Winking” (the “**Residential Carpark Spaces**”). The Commercial Carpark Spaces and Residential Carpark Spaces are situated in an underground carpark comprising a total of 3,188 spaces (being the Total Carpark Spaces). The remaining 1,679 spaces are held by independent third parties and do not form part of the Wuhan Property.

The Wuhan Property is a part of a larger integrated development project (the “**Development**”), which also includes, among other things, a residential development known as “Starry Winking (星匯雲錦)” and its ancillary facilities.

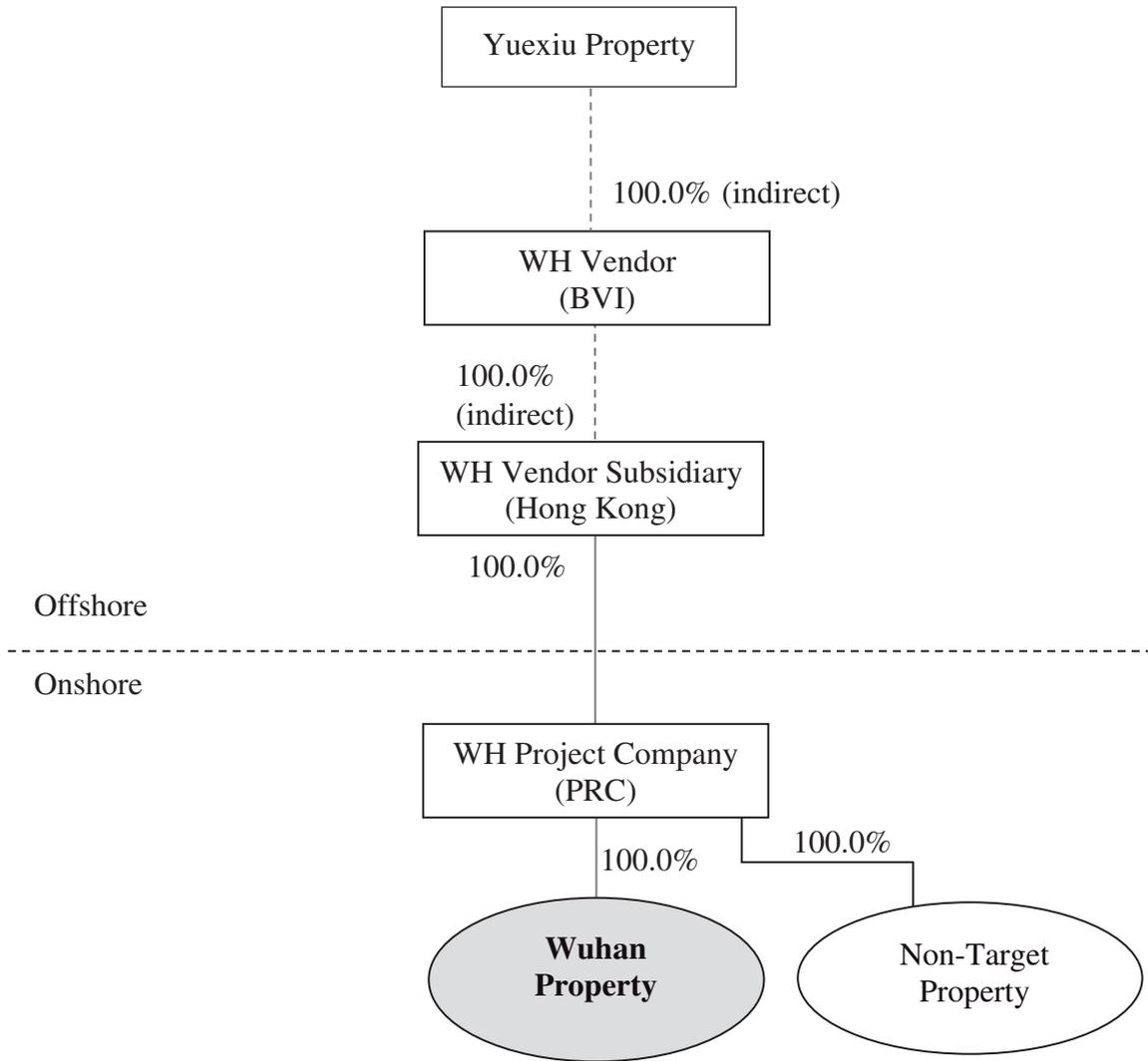
As the sum of the Agreed Acquisition Amount (being RMB2,280,606,300) and an illustrative interest amount of RMB13,330,493 accruing on the Deferred Completion Payment (based on interest accruing on 40.0% of the Agreed Acquisition Amount), being RMB2,293,936,793, exceeds 5.0% of the net asset value of Yuexiu REIT (as disclosed in its latest published audited accounts, as adjusted for the interim distribution paid by Yuexiu REIT since the publication of such accounts) pursuant to paragraph 8.11 of the REIT Code and clause 31.1 of the Trust Deed, each of the Transaction Matters Requiring Approval will require Independent Unitholders’ approval by way of an Ordinary Resolution at the EGM.

As: (a) the sum of the Agreed Acquisition Amount and the abovementioned illustrative interest amount (being RMB2,293,936,793) represents approximately 18.4% of the total market capitalisation of Yuexiu REIT (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the Latest Practicable Date); and (b) the WH Appraised Value of the Wuhan Property (being RMB3,587,000,000) represents approximately 11.7% of the total assets of Yuexiu REIT as at 30 June 2017 (as adjusted for the interim distribution paid by Yuexiu REIT for the six months ended 30 June 2017), the Acquisition constitutes a discloseable transaction for Yuexiu REIT under the Listing Rules (as if the Listing Rules were applicable to Yuexiu REIT).

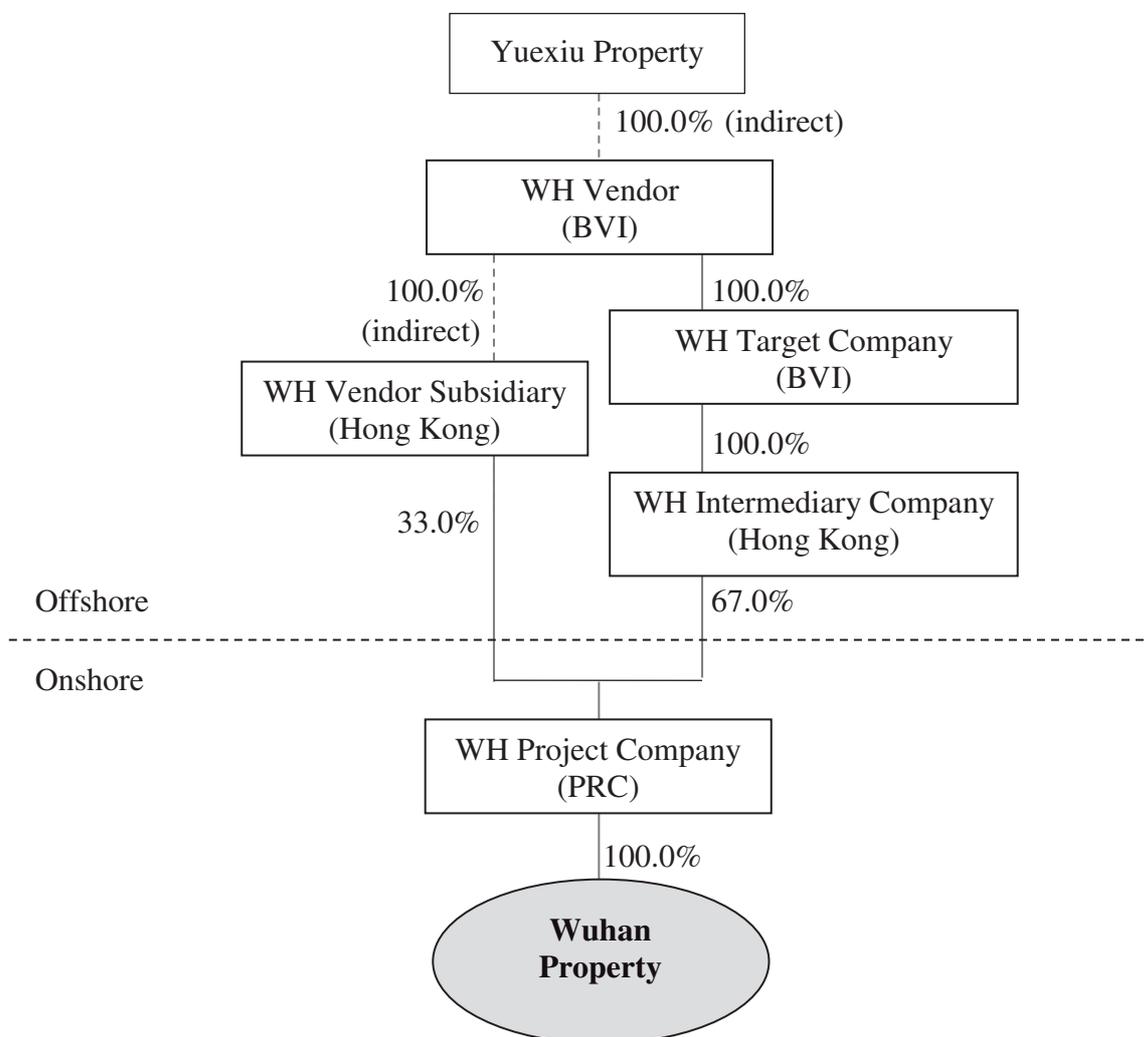
2. **Holding structure of the Wuhan Property before Completion**

Prior to Completion and as a condition precedent under the Acquisition Deed, WH Vendor will procure that WH Vendor Subsidiary transfers 67.0% of the equity interest in WH Project Company to WH Intermediary Company (the “**Reorganisation**”). The Reorganisation will result in the creation of a shareholder loan owing from WH Target Company to WH Vendor (the “**WH Loan**”), with the amount of the WH Loan to be determined at the time of the Reorganisation. In addition, WH Project Company will dispose of the Non-Target Property prior to Completion in accordance with the terms of the Acquisition Deed.

Below is a chart showing the holding structure of the Wuhan Property as at Latest Practicable Date:



Below is a chart showing the holding structure of the Wuhan Property immediately before Completion (after the Reorganisation and the pre-completion disposal of the Non-Target Property):

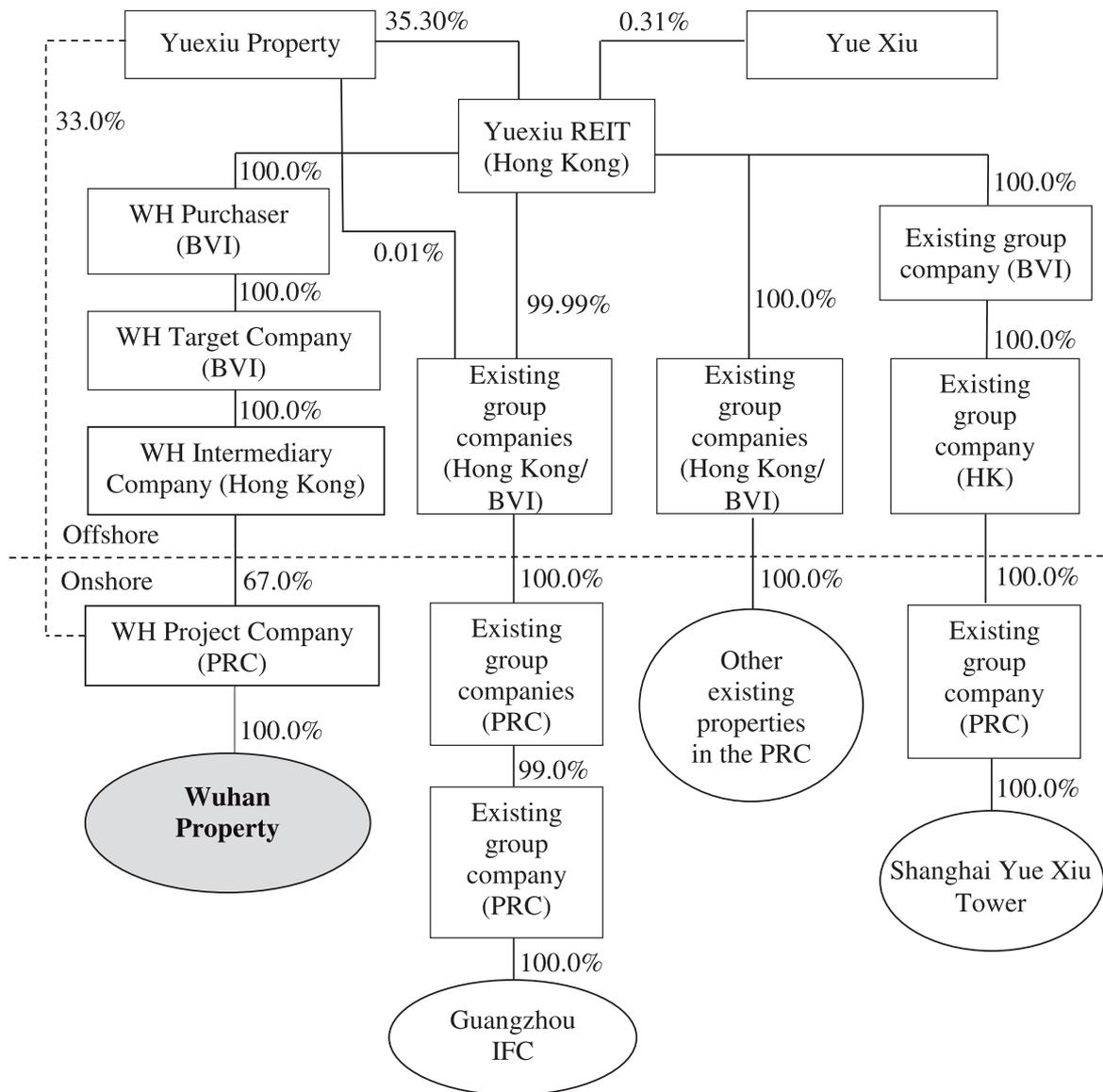


WH Vendor is incorporated in the British Virgin Islands, and holds the entire equity interest in WH Target Company. WH Target Company is incorporated in the British Virgin Islands and holds 100.0% of WH Intermediary Company which will, after the Reorganisation, in turn, hold 67.0% of WH Project Company, which is the registered legal owner of the land use rights and current ownership rights underlying the Wuhan Property. WH Vendor holds the remaining 33.0% of WH Project Company indirectly through its 100.0% interest in WH Vendor Subsidiary. To the best of the knowledge, information and belief of the Manager as at the Latest Practicable Date: (i) WH Target Company and WH Intermediary Company were existing indirect subsidiaries of Yuexiu Property and will, after the Reorganisation, be in the principal business activity of investment holding in the Wuhan Property; (ii) the principal business activities of WH Vendor and WH

Vendor Subsidiary were the holding of investments; (iii) the principal business activities of WH Project Company were investment holding in, and property development of, the Development; and (iv) immediately prior to Completion, pursuant to the Acquisition Deed, WH Project Company, WH Target Company and WH Intermediary Company shall not hold any other property investments other than the Wuhan Property.

3. Expected holding structure of the Wuhan Property

The simplified expected holding structure of Yuexiu REIT immediately after Completion is as follows:



4. Key terms of the Acquisition Deed

The principal terms of the Acquisition Deed are summarised as follows:

4.1 *Acquisition of WH Sale Shares*

Pursuant to the Acquisition Deed, WH Vendor agreed to sell, and WH Purchaser agreed to purchase, the WH Sale Shares representing the entire equity interest in WH Target Company, which will (after the Reorganisation) indirectly hold 67.0% of WH Project Company, which is the registered legal owner of the land use rights and current ownership rights underlying the Wuhan Property.

4.2 *Assignment of WH Loan*

As noted in the section headed “Holding Structure of the Wuhan Property before Completion”, the Reorganisation will result in the creation of the WH Loan. Pursuant to the Acquisition Deed, WH Vendor will assign the WH Loan to the WH Purchaser, with the rights attached to it as at the Completion Date.

4.3 *Consideration and payment terms for the Acquisition*

The purchase consideration for the acquisition of the WH Sale Shares and assignment of the WH Loan is RMB2,280,606,300 (being the Agreed Acquisition Amount), subject to an adjustment to either: (a) add the amount of the WH Target Group Adjusted NAV as at Completion (if it is a positive amount); or (b) subtract the absolute value of the amount of the WH Target Group Adjusted NAV as at Completion (if it is a negative amount), in each case as set out in the WH Completion Statement (the “**Consideration**”).

The “**WH Target Group Adjusted NAV**” shall be equal to: (i) 67.0% of all current assets and deferred tax assets of the WH Target Group (other than the value of the properties held for sale (including the Wuhan Property and Non-Target Property), trade receivables (including but not limited to trade receivables relating to the Non-Target Property sold prior to Completion), any amounts due from fellow subsidiaries and any cash in excess of RMB300,000,000); minus (ii) 67.0% of all liabilities of the WH Target Group (other than the WH Loan), in each case as at Completion as shown in the WH Completion Statement. For illustrative purposes, based on the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix 2 to the Circular, the WH Target Group Adjusted NAV as at 30 June 2017 is approximately minus RMB364,486,700, and mostly attributable to the outstanding construction costs of WH Project Company (being RMB732,191,000, 67.0% of which (being RMB490,567,970) would be taken into account in determining the WH Target Group Adjusted NAV as a liability of the WH Target Group).

According to the Accountant's Report set out in Appendix 1 to the Circular, the WH Target Group had amounts due from and owing to its fellow subsidiaries of RMB1,591,414,000 and RMB792,078,000, respectively as at 30 June 2017. Pursuant to the Acquisition Deed, WH Vendor has undertaken to use its reasonable endeavours to settle all outstanding balances between the WH Target Group and its fellow subsidiaries, and to procure the WH Target Group to distribute cash (subject to retaining at least RMB20,000,000 cash, but no more than RMB300,000,000 cash, for general working capital purposes), prior to Completion. According to the Accountant's Report set out in Appendix 1 to the Circular, the WH Target Group had trade receivables of RMB98,000 as at 30 June 2017. Amounts due from fellow subsidiaries to the WH Target Group, any cash in excess of RMB300,000,000 and trade receivables, in each case as at Completion, shall be disregarded in the determination of WH Target Group Adjusted NAV, and thus, not affect the Consideration payable by WH Purchaser.

The Consideration shall be applied: (i) firstly, as payment on a dollar-for-dollar basis for the assignment of the WH Loan to WH Purchaser; and (ii) thereafter, as payment for the transfer of the WH Sale Shares to WH Purchaser. The Agreed Acquisition Amount was arrived at on a willing buyer/seller and arm's length basis after taking into account the valuation of the Wuhan Property by the Independent Property Valuer as at 31 August 2017, and represents a discount of approximately 5.1% to the Proportionate WH Appraised Value of RMB2,403,290,000 (which is 67.0% of the WH Appraised Value in respect of the entire Wuhan Property as at 31 August 2017, being RMB3,587,000,000).

Pursuant to the Acquisition Deed, the Consideration shall be paid in the following manner:

- (a) at Completion, WH Purchaser shall pay, or procure the payment of, an amount in cash equal to:
 - (i) 60.0% of the sum of: (i) the Agreed Acquisition Amount of RMB2,280,606,300; plus/minus (ii) the WH Target Group Adjusted NAV as set out in the WH Pro Forma Completion Statement (this 60.0% portion being the “**Initial Completion Payment**” and the remaining 40.0% of such sum being the “**Deferred Completion Payment**”);

- (ii) minus the EIT Withheld Amount (being RMB44,224,087 less any PRC Enterprise Income Tax already paid in connection with the Reorganisation prior to Completion), which is to be retained by WH Purchaser and deposited into the EIT Segregated Account (see the section headed “EIT Segregated Account” for details);
- (b) within five Business Days after agreement or determination of the WH Completion Statement (which shall be agreed between WH Purchaser and WH Vendor, and failing such agreement, audited by PricewaterhouseCoopers or such other auditors jointly appointed by the Manager and WH Vendor):
- i. if the WH Target Group Adjusted NAV (as set out in the WH Completion Statement) is higher than the WH Target Group Adjusted NAV (as set out in the WH Pro Forma Completion Statement), WH Purchaser shall pay 60.0% of the difference to WH Vendor (with the remaining 40.0% of the difference being payable in accordance with paragraph (c) below) without prejudice to WH Purchaser’s right to retain and deposit any Additional EIT Withheld Amount into the EIT Segregated Account (see the section headed “EIT Segregated Account” for details); and
 - ii. if the WH Target Group Adjusted NAV (as set out in the WH Completion Statement) is lower than the WH Target Group Adjusted NAV (as set out in the WH Pro Forma Completion Statement), WH Vendor shall repay the difference to WH Purchaser,

with such difference payable by WH Purchaser or WH Vendor being the **“WH True-up Payment”**; and

- (c) within one year after Completion, WH Purchaser shall pay, or procure the payment of, an amount in cash equal to:
- i. the Deferred Completion Payment, plus the remaining 40.0% of the WH True-up Payment (if it is a positive amount);
 - ii. plus interest on the net amount under paragraph(c)(i) above accrued at a margin of 1.0% per annum over HIBOR from the Completion Date to the date that such amount is paid.

The Manager shall publish further announcement(s) regarding the Initial Completion Payment, WH True-up Payment and Deferred Completion Payment as soon as practicable after such amount has been determined.

4.4 *EIT Segregated Account*

On Completion, WH Purchaser shall pay the EIT Withheld Amount for credit to a segregated account in the name of WH Purchaser (the “**EIT Segregated Account**”). If WH Purchaser reasonably expects that the amount of taxes payable by WH Vendor arising out of or relating to the Reorganisation and the Acquisition may be greater than the EIT Withheld Amount, WH Purchaser may pay the excess amount (the “**Additional EIT Withheld Amount**”) for credit to the EIT Segregated Account. The Acquisition Deed specifies that the funds in the EIT Segregated Account will only be released to WH Vendor after it has provided WH Purchaser with evidence that it has paid that amount of taxes payable by WH Vendor in respect of the Reorganisation and the Acquisition, provided the funds remaining in the EIT Segregated Account is equal to or greater than the amount of unpaid taxes WH Vendor may be liable for arising out of or relating to the Reorganisation and the Acquisition.

4.5 *Conditions precedent under the Acquisition Deed*

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

- (a) the resolution approving the Transaction Matters Requiring Approval having been passed by the Independent Unitholders at the EGM;
- (b) completion of the Reorganisation;
- (c) all necessary consents or waivers being granted by third parties (including any governmental or official authorities) in connection with the transactions contemplated under the Acquisition Deed and no statute, regulation or decision which would prohibit or materially delay the sale and purchase of the WH Sale Shares, the assignment of WH Loan or which would prohibit or materially restrict the operation of the WH Target Group or the Wuhan Property having been enacted or taken by any governmental or official authority;
- (d) there being no material damage to the Wuhan Property, no compulsory acquisition or resumption of the Wuhan Property and no notice of such intention received from any governmental authority; and

- (e) the warranties of WH Vendor under the Acquisition Deed remaining true and accurate in all material respects and not misleading in any material respect at Completion as if repeated at Completion (by reference to the facts and circumstances existing at Completion).

WH Vendor and WH Purchaser may not waive any of the WH Conditions, except for WH Conditions (d) and (e) which may be waived by WH Purchaser by notice in writing to WH Vendor.

If any of the WH Conditions have not been fulfilled (or waived, if applicable) on or before the WH Long Stop Date, being 31 March 2018 (or such other date as WH Purchaser and WH Vendor may agree), and the parties have not agreed to postpone the date by which the WH Conditions must be fulfilled (or waived, if applicable), then neither WH Purchaser nor WH Vendor shall be bound to proceed with the Acquisition and the Acquisition Deed shall terminate without prejudice to any other right or remedy either party to the Acquisition Deed may have.

4.6 Completion of the Acquisition

Pursuant to the terms of the Acquisition Deed, Completion shall take place within 10 Business Days after the date on which all the WH Conditions have been fulfilled (or waived, if applicable), or such other date as may be agreed by WH Purchaser and WH Vendor. As soon as practicable following Completion, the Manager will issue an announcement to inform Unitholders that Completion has occurred.

4.7 Termination of the Acquisition Deed

If Completion has not taken place within 10 Business Days after the date on which all the WH Conditions have been fulfilled (or waived, if applicable), or such other date as may be agreed by WH Purchaser and WH Vendor, due to the breach of one party to the Acquisition Deed, the other party may by written notice terminate the Acquisition Deed without prejudice to the parties' rights and remedies under law.

In addition, WH Purchaser or WH Vendor may by written notice to the other party terminate the Acquisition Deed upon the occurrence of any fact, matter or event which would constitute a material breach by that party under the Acquisition Deed, in accordance with the terms of the Acquisition Deed, WH Purchaser may also by written notice to WH Vendor terminate the Acquisition Deed upon the occurrence of any fact, matter or event which would be likely to affect the business or financial position of WH Target Company in a materially adverse manner, in accordance with the terms of the Acquisition Deed.

4.8 *Representations, warranties and indemnities in the Acquisition Deed*

The Acquisition Deed contains customary warranties (including warranties relating to tax, title of the Wuhan Property and compliance with all applicable laws and regulations by the members of the WH Target Group in conducting their respective businesses) to be made by WH Vendor in respect of WH Target Company, WH Project Company and the Wuhan Property.

The maximum aggregate liability of WH Vendor in respect of claims for any breaches of warranties shall not exceed the Agreed Acquisition Amount, and is subject to a minimum per claim threshold of RMB1,000,000. Amounts shall only be recoverable from WH Vendor if the aggregate amount recoverable in respect of all claims exceeds RMB10,000,000 and WH Vendor will be liable for the entire amount. The Acquisition Deed also provides for a limitation period of three years from the Completion Date for all claims made under the Acquisition Deed (other than those claims relating to tax, in which case the limitation period is seven years from the Completion Date). The Manager considers that the liability cap and limitation period are acceptable as they are in line with normal commercial terms expected of similar transactions, and that Unitholders' interests are sufficiently protected notwithstanding these limitations.

Further, the Acquisition Deed contains customary indemnities and in particular, WH Vendor has irrevocably undertaken to indemnify Yuexiu REIT, the Trustee, the Manager, WH Purchaser and the WH Target Group, to the fullest extent permissible by law, for any liability, losses, damages, fines, fees and costs (on a full indemnity basis) which Yuexiu REIT, the Trustee, the Manager, WH Purchaser and/or WH Target Group may suffer (insofar as attributable to Yuexiu REIT's 67.0% equity interest in WH Project Company) in respect of certain matters, including as a result of or in connection with:

- (a) any property held by WH Project Company on or prior to Completion, other than the Wuhan Property;
- (b) taxation resulting from or by reference to any event occurring on or before Completion including, without limitation, any PRC Enterprise Income Tax payable for the Reorganisation and/or the Acquisition; and
- (c) the actual outstanding construction costs payable by WH Project Company in excess of the outstanding construction costs reflected in the Completion Statement of WH Project Company for the purpose of calculating the WH Target Group Adjusted NAV.

For the avoidance of doubt, WH Vendor's liabilities under the indemnity shall not be subject to the limitations on the minimum per claim threshold, aggregate amount recoverable threshold or the maximum aggregate liability set out above. A limitation period of seven years from the Completion Date would apply to claims made against the indemnity, save for claims in respect of paragraph (a) for which there is no limitation period. The Manager considers that the limitation period is acceptable as they are in line with normal commercial terms expected of similar transactions, and that Unitholders' interests are sufficiently protected notwithstanding these limitations.

4.9 *Guarantee of WH Vendor's obligations under the Acquisition Deed*

Yuexiu Property (as guarantor) has unconditionally and irrevocably guaranteed to WH Purchaser the due and punctual payment of all amounts payable by WH Vendor under the Acquisition Deed and due and punctual performance and observance by WH Vendor of all its obligations, commitments, undertakings, warranties and indemnities under or pursuant to the Acquisition Deed.

4.10 *Support Arrangement relating to the Wuhan Property*

To enable Yuexiu REIT to mitigate its exposure to the start-up risks associated with the operation of the Wuhan Property and to ensure Yuexiu REIT receives expected, progressive and recurrent net income during these periods, WH Vendor has agreed to provide support payments to WH Purchaser for the period from 1 January 2018 up to and including 31 December 2020, subject to completion of the Acquisition ("**Support Arrangement**").

Such support payments shall be made to WH Purchaser (or any entity within the Enlarged Group as designated by WH Purchaser) in the event that:

- (a) the Actual Adjusted Net Income (as derived from WH Project Company's accounts for the six months ending 30 June of each financial year and as notified by WH Purchaser to WH Vendor in writing) is less than the Baseline Adjusted Net Income for the relevant six-month period ("**Interim Support Arrangement Shortfall**"), in which case the Interim Support Arrangement Shortfall shall be payable to WH Purchaser (or any entity within the Enlarged Group as designated by WH Purchaser); or
- (b) the Actual Adjusted Net Income (as derived from WH Project Company's accounts for the financial year ending 31 December of each financial year and as confirmed by Yuexiu REIT's auditors) is less than the Baseline Adjusted Net Income for that financial year, in which case the shortfall ("**Annual Support Arrangement Shortfall**") less any Interim Support

Arrangement Shortfall already paid in respect of the same financial year, shall be payable to WH Purchaser (or any entity within the Enlarged Group as designated by WH Purchaser). Where the Interim Support Arrangement Shortfall already paid during a financial year is higher than the Annual Support Arrangement Shortfall for the same financial year, the difference shall be repaid by WH Purchaser to WH Vendor.

WH Purchaser will not be penalised under the Support Arrangement where the Actual Adjusted Net Income is greater than the Baseline Adjusted Net Income for a relevant period, and except for the potential refund of overpaid support amounts per paragraph (b) above, there are no circumstances under which WH Purchaser will be required to pay or make any refund to WH Vendor under the Support Arrangement.

The “**Actual Adjusted Net Income**” shall be equal to:

$$67\% \times [(A+B) \times (1-C)] + D]$$

where:

A is equal to the net income or loss after tax of WH Project Company, excluding any net income or loss after tax from the disposal of Residential Carpark Spaces as determined in accordance with CAS;

B is equal to depreciation and amortisation costs;

C is equal to 10%, being the deemed withholding tax; and

D is equal to interest expenses.

The “**Baseline Adjusted Net Income**” for the three financial years during the term of the Support Arrangement is as follows, with the amount for the relevant six-month period being half of the Baseline Adjusted Net Income for the full year.

Period	Baseline Adjusted Net Income
Financial year ending 31 December 2018	RMB78,000,000
Financial year ending 31 December 2019	RMB98,000,000
Financial year ending 31 December 2020	RMB110,000,000

The Baseline Adjusted Net Income amounts were agreed by WH Vendor and WH Purchaser after taking into consideration: (a) the business plans of the Wuhan Property, including revenue and expenses estimated based on their operating experiences; (b) the Market Consultant's estimations (based on current market conditions) as to the operating performance of the Wuhan Property; and (c) the supply and demand of similar-type properties in Wuhan based on the Market Consultant Report. As the Wuhan Property is still in the initial phase of its operations (with leasing of the office portion of the Wuhan Property only commencing in November 2016), WH Vendor and WH Purchaser consider the performance of the Wuhan Property for the six months ended 30 June 2017 (which would have resulted in an Actual Adjusted Net Income of approximately RMB2,280,000) to be less relevant for determining the Baseline Adjusted Net Income amounts. For further details of the parameters considered by WH Vendor and WH Purchaser, please refer to the Market Consultant Report at Appendix 4 to the Circular.

Any support payments to be made to WH Purchaser pursuant to the Support Arrangement shall be payable in Hong Kong dollars pursuant to a five-day average of the RMB/HKD central parity rate as announced by the People's Bank of China at the relevant time and such support payment shall be paid to WH Purchaser in cash, within seven Business Days from the publication of Yuexiu REIT's interim results for the relevant six-month period or as the case may be, Yuexiu REIT's annual results for the relevant financial year. Details of any payments made by WH Vendor pursuant to the Support Arrangement will be announced by the Manager as soon as practicable after such amounts have been determined, and will be disclosed in Yuexiu REIT's interim and annual reports.

Unitholders should note that the Support Arrangement is not intended to be a rental guarantee from WH Vendor but is simply an arrangement for WH Purchaser to mitigate the start-up risks associated with the operations of the Wuhan Property. Based on: (a) the Manager's assessment of the business plans of the Wuhan Property; (b) the leasing progress of the Wuhan Property year-to-date; and (c) the views of the Market Consultant, the Manager considers that such risks would diminish over time as the operations of the Wuhan Property are expected to progressively mature during and beyond the start-up period.

4.11 *WH Vendor's tax obligations*

As advised by the Manager's tax adviser, PricewaterhouseCoopers Limited: (i) the obligation to pay PRC Enterprise Income Tax under PRC Enterprise Income

Tax Law (中華人民共和國企業所得稅法) for the Reorganisation is borne by WH Vendor; and (ii) the obligation to pay PRC Enterprise Income Tax under Bulletin 7 for the Acquisition is borne by WH Vendor with WH Purchaser only having a withholding obligation.

The Manager understands from its tax adviser that in respect of both the Reorganisation and the Acquisition: (i) WH Vendor will first make its tax filing to the relevant PRC tax authority; and (ii) the relevant PRC tax authority will then review the figures submitted by WH Vendor and inform WH Vendor of the amount of tax payable thereafter.

Pursuant to the Acquisition Deed, WH Vendor shall, at its own expense, as soon as possible and in any event no later than 30 days after the date of the Acquisition Deed, report the entry into of the Acquisition Deed and the proposed Reorganisation to the relevant PRC tax authority. WH Vendor shall at its own expense: (a) as soon as possible and in any event no later than seven days after each of the Reorganisation and Completion Date, inform the relevant PRC tax authority that Reorganisation or Completion (as the case may be) has occurred; and (b) truly, accurately and completely report all relevant information with respect to the Reorganisation or the Acquisition (as the case may be) to the relevant PRC tax authority. WH Vendor shall provide WH Purchaser with a copy of any and all of its written submissions to the relevant PRC tax authority in respect of the Reorganisation and Acquisition, 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. WH Vendor shall promptly follow up with the relevant PRC tax authority in respect of its assessments to and payment of PRC tax on the Reorganisation and Acquisition, submit all documents supplementally requested by the relevant PRC tax authority in connection with the Reorganisation and Acquisition, and promptly keep WH Purchaser informed of the foregoing.

WH Vendor has also covenanted and undertaken in the Acquisition Deed to among other things, settle and pay in full the PRC Enterprise Income Tax payable by it arising out of or relating to the Reorganisation and Acquisition within the time period required by applicable law, rules and regulations as applied by the relevant PRC tax authority, even if the amount of PRC Enterprise Income Tax payable by WH Vendor arising out of or relating to the Reorganisation and the Acquisition is greater than the EIT Withheld Amount and any Additional EIT Withheld Amount. The Acquisition Deed specifies that the funds in the EIT Segregated Account will only be released to WH Vendor after it has provided the WH Purchaser with evidence that it has paid that amount of

taxes payable by WH Vendor in respect of the Reorganisation and the Acquisition, provided the funds remaining in the EIT Segregated Account is equal to or greater than the amount of unpaid taxes WH Vendor may be liable for arising out of or relating to the Reorganisation and the Acquisition.

WH Vendor's liabilities under this section shall not be subject to the limitations on the minimum per claim threshold, aggregate amount recoverable threshold or the maximum aggregate liability set out in the section headed "Representations, Warranties and Indemnities in the Acquisition Deed".

PricewaterhouseCoopers Limited, the Manager's tax adviser, has provided advice to the Manager in respect of the estimated amount of tax payable under PRC Enterprise Income Tax Law and Bulletin 7 in respect of the Reorganisation and the Acquisition. In view of the above and the advice from its tax adviser, the Manager is of the view that the protection provided by WH Vendor in respect of tax obligations under PRC Enterprise Income Tax Law and Bulletin 7, including the EIT Withheld Amount and any Additional EIT Withheld Amount, WH Vendor's covenant to pay for any shortfall and the unconditional and irrevocable guarantee from Yuexiu Property, is sufficient and that the interests of the Unitholders are adequately protected.

4.12 *Pre-completion disposal of Non-Target Property*

As at the Latest Practicable Date, WH Project Company also holds the Non-Target Property in addition to the Wuhan Property. Such "**Non-Target Property**" includes an ancillary clubhouse and a kindergarten which are part of the Development but do not form part of the Wuhan Property. The Non-Target Property is not the subject of the Acquisition and will be disposed of by WH Project Company prior to Completion in accordance with the terms of the Acquisition Deed.

As detailed in the section headed "Representations, Warranties and Indemnities in the Acquisition Deed", WH Vendor has provided an indemnity in relation to any property held by WH Project Company on or prior to Completion, other than the Wuhan Property. Such indemnity would cover the Non-Target Property. Yuexiu Property has also provided an unconditional and irrevocable guarantee in respect of all WH Vendor's obligations, commitments, undertakings, warranties and indemnities under the Acquisition Deed.

5. **Key terms of the Joint Venture Agreement**

Upon Completion, WH Intermediary Company and WH Vendor Subsidiary (being the JV Shareholders) shall enter into the Joint Venture Agreement in

relation to WH Project Company. WH Vendor Subsidiary is a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code by virtue of being an indirect wholly-owned subsidiary of Yuexiu Property. Accordingly, the Joint Venture Agreement and the transactions contemplated thereunder will constitute continuing connected party transactions of Yuexiu REIT. For further details, please see section 8.1 headed “The Acquisition” of the Circular.

The principal terms of the Joint Venture Agreement are summarised as follows:

5.1 *Scope of business*

WH Project Company shall not have any business other than the holding, leasing, maintenance, operation and management of the Wuhan Property.

5.2 *Board structure*

The board of directors of WH Project Company shall comprise three directors, one of whom may be nominated by WH Vendor Subsidiary (and not the Trustee) and the remaining two of whom may be nominated by the Trustee (through WH Intermediary Company).

The quorum for board meetings of WH Project Company shall be two directors, comprising at least one director nominated for appointment by each JV Shareholder. The board chairman shall be nominated by WH Intermediary Company and not have a casting vote.

5.3 *Joint Decision Matters*

Board decisions of WH Project Company will be made by simple majority, except where such decision relates to any of the matters summarised below (the “**Board Joint Decision Matters**”):

- (a) conversion of any security into any shares of WH Project Company or alteration of capital structure of WH Project Company;
- (b) creation of any encumbrance or any third party interest over any of the assets of WH Project Company; and
- (c) giving by WH Project Company of any guarantee or indemnity or acting as surety relating to the performance of the payment or other obligations of any third party.

All Board Joint Decision Matters require unanimous approval of all the directors of WH Project Company, provided that no director shall withhold his approval

for a Board Joint Decision Matter where such Board Joint Decision Matter is to be approved, effected or consummated to comply with any requirements of applicable laws binding on or applicable to WH Project Company, any legal obligation of WH Project Company, any legal obligation binding on the Wuhan Property and/or the conditions of relevant approvals from the relevant governmental authority.

If the board of WH Project Company cannot agree on a Board Joint Decision Matter within 45 days or any board meeting cannot be duly convened for a lack of quorum within 45 days notice of such meeting is first given, any director may refer the deadlock to the Chief Executive Officers of the Manager and Yuexiu Property for joint resolution whose decision is binding. In the unlikely event that a joint resolution cannot be reached, any JV Shareholder may exercise its right to dispose of its interest in WH Project Company in accordance with the share transfer mechanism provided for in the Joint Venture Agreement.

Shareholder decisions of WH Project Company will be made by simple majority, except where such decision relates to any of the matters summarised below (the “**Shareholder Joint Decision Matters**”, and together with the Board Joint Decision Matters, the “**Joint Decision Matters**”):

- (a) amendment to the Articles of Association of WH Project Company;
- (b) increase or reduction in the registered capital of WH Project Company; and
- (c) merger, division, dissolution, liquidation or change of company form of WH Project Company.

All Shareholder Joint Decision Matters require unanimous approval of all the JV Shareholders, provided that no JV Shareholder shall withhold his approval for a Shareholder Joint Decision Matter where such Shareholder Joint Decision Matter is to be approved, effected or consummated to comply with any requirements of applicable laws binding on or applicable to WH Project Company, any legal obligation of WH Project Company, any legal obligation binding on the Wuhan Property and/or the conditions of relevant approvals from the relevant governmental authority.

If the JV Shareholders cannot agree on a Shareholder Joint Decision Matter within 45 days or any shareholders meeting cannot be duly convened for a lack of quorum within 45 days notice of such meeting is first given, any director may refer the deadlock to the Chief Executive Officers of the Manager and Yuexiu

Property for joint resolution whose decision is binding. In the unlikely event that a joint resolution cannot be reached, any JV Shareholder may exercise its right to dispose of its interest in WH Project Company in accordance with the share transfer mechanism provided for in the Joint Venture Agreement.

5.4 *Funding of WH Project Company*

Any funding needs of WH Project Company shall be funded: (a) firstly, by new or existing bank facilities obtained by WH Project Company on reasonable terms having regard to debt borrowings of similar size and nature in the current loan market in Hong Kong or the PRC (as the case may be); and (b) thereafter, if WH Project Company fails to obtain sufficient funding through drawing down on bank facilities within six months, by the JV Shareholders by way of shareholder loan to WH Project Company in accordance with their respective interest in WH Project Company, in each case subject to compliance with all the relevant laws and regulations (including, without limitation, the REIT Code). Failure by any JV Shareholder to meet its funding obligations within the prescribed time shall be an “event of default”, and such Defaulter may be forced to sell its interest in WH Project Company to the Non-Defaulter or to purchase the Non-Defaulter’s interest in WH Project Company in accordance with relevant default provisions that are summarised in the section headed “Events of Default” below.

5.5 *Outstanding Construction Costs*

As at 30 June 2017, WH Project Company had RMB732,191,000 of outstanding construction costs payable in connection with the development, construction and fitting-out of the Wuhan Property (among other things), which were commissioned before the Completion Date. Such costs are expected to be settled by 2021.

Pursuant to the terms of the Joint Venture Agreement, WH Vendor Subsidiary (as a JV Shareholder) will, among other things, receive all invoices relating to construction costs of WH Project Company and will arrange for any such invoice to be paid by WH Project Company within the specified timeframe pursuant to the terms of the relevant contract or invoice. In the event that WH Vendor Subsidiary (as a JV Shareholder) does not procure payment of an invoice relating to construction costs in accordance with the terms of the Joint Venture Agreement, WH Vendor Subsidiary (as a JV Shareholder) will be liable for all losses that WH Project Company may suffer as a result thereof. As noted in the section headed “Representations, Warranties and Indemnities in the Acquisition Deed”, WH Vendor shall also indemnify WH Purchaser to the extent the actual outstanding construction costs payable by WH Project Company are in excess of the outstanding construction costs reflected in the WH Completion Statement

insofar as attributable to Yuexiu REIT's 67.0% equity interest in WH Project Company. Yuexiu Property has also provided an unconditional and irrevocable guarantee in respect of all WH Vendor's obligations, commitments, undertakings, warranties and indemnities under the Acquisition Deed.

5.6 Residential Carpark Spaces

The PRC legal adviser of the Manager, Zhong Lun Law Firm, has advised that having regard to the relevant pre-sale permits, WH Project Company can only dispose of the Commercial Carpark Spaces and Residential Carpark Spaces to owners of premises within the Development, although there is no restriction under PRC law preventing such carpark spaces from generating rental income in the meantime. As the Residential Carpark Spaces do not directly support the rest of the Wuhan Property held by WH Project Company, the JV Shareholders presently intend to dispose of such carpark spaces after the second anniversary of Completion, subject to prevailing market conditions and in accordance with the relevant pre-sale permits.

5.7 Transfer of shares

No JV Shareholder shall have the right to dispose any part of its interest in (or shareholder loans to) WH Project Company to a third party transferee, unless it has first offered its entire equity interest in (and shareholder loans to) WH Project Company to the other JV Shareholder (on the same or better terms agreed with the third party transferee) who declines to accept such offer. Such restriction on disposal shall not apply to a transfer by either JV Shareholder to an affiliate. The transferee of any permitted transfer of shares in WH Project Company shall enter into a deed of adherence to become bound by the Joint Venture Agreement.

The non-transferring JV Shareholder shall also have a tag-along right when the transferring JV Shareholder is proposing to sell its interest to a third party transferee.

5.8 Events of default

An event of default occurs when: (a) a JV Shareholder becomes insolvent; (b) a JV Shareholder fails to fund WH Project Company at the time and in the manner according to the terms of the Joint Venture Agreement; or (c) a JV Shareholder breaches certain other provisions of the Joint Venture Agreement (for example, restrictions on transfer of shares in WH Project Company).

After the occurrence of an event of default in relation to a JV Shareholder, the Non-Defaulter may (but is not obliged to), without prejudice to any other rights and remedies available to the Non-Defaulter (for example, its rights and remedies under the relevant law for breach of contract, including but not limited to monetary compensation and injunction, depending on the specific circumstances), at any time give a written notice to the Defaulter requiring:

- (a) the Defaulter to sell to the Non-Defaulter all shares in WH Project Company held by the Defaulter together with all shareholder loans owing to the Defaulter and interests accrued thereon which remain unpaid (together, the “**Defaulter’s Interest**”) at a price equal to 90.0% of the fair market value of the Defaulter’s Interest determined in accordance with the Joint Venture Agreement; or
- (b) the Defaulter to purchase from the Non-Defaulter all shares in WH Project Company held by the Non-Defaulter together with all shareholder loans owing to the Non-Defaulter and interests accrued thereon which remain unpaid (together, the “**Non-Defaulter’s Interest**”) at a price equal to 110.0% of the fair market value of the Non-Defaulter’s Interest determined in accordance with the Joint Venture Agreement.

Subject to compliance with all the relevant laws and regulations, the Defaulter has no discretion and must comply with the Non-Defaulter’s election.

5.9 *Duration and termination of the Joint Venture Agreement*

Pursuant to the Joint Venture Agreement, the operating term of WH Project Company as a joint venture is from the effective date of the Joint Venture Agreement to 19 January 2031. The Joint Venture Agreement may be terminated in advance at the earliest of: (i) a date agreed between the parties to the Joint Venture Agreement; (ii) all shares in WH Project Company being owned and held by one shareholder; and (iii) the dissolution of WH Project Company.

6. **Key information of the Wuhan Property**

6.1 *Description*

The Wuhan Property comprises: (a) the entire 68-storey office and commercial development known as “Wuhan Yuexiu Fortune Centre (武漢越秀財富中心)”;

(b) the entire 5-storey shopping arcade known as “Starry Victoria Shopping Centre (星匯維港購物中心)” (inclusive of a 1-storey basement); (c) the 1,134 Commercial Carpark Spaces; and (d) the 375 Residential Carpark Spaces. The

Commercial Carpark Spaces and Residential Carpark Spaces are situated in an underground carpark comprising a total of 3,188 spaces (being the Total Carpark Spaces). The remaining 1,679 spaces are held by independent third parties and do not form part of the Wuhan Property.

Upon Completion, Yuexiu REIT will (through the WH Target Group) hold 67.0% of the Wuhan Property. A simplified chart showing the property holding structure of the Wuhan Property immediately before Completion (after the Reorganisation and the pre-completion disposal of the Non-Target Property) and a simplified chart showing the expected holding structure of the Wuhan Property immediately after Completion are contained in the sections headed “Holding Structure of the Wuhan Property before Completion” and “Expected Holding Structure of the Wuhan Property”.

6.2 *Location*

The Wuhan Property is located in Hankou Riverside Business District, an emerging business district in Wuhan, the capital city of Hubei province in Central China. The Wuhan Property is located within the second ring of the city and enjoys easy accessibility with direct connections to both the existing metro line 1 and planned metro line 10 intersecting at the Qiaokou Road station. The Yuehu Bridge on the southern side of the Wuhan Property is closed due to a road reconstruction and widening project and is planned to reopen in August 2018. After the reopening of the Yuehu Bridge, it will be more convenient for people to access the large residential area in Sixin District (with a planned population of approximately 250,000) from Hankou Riverside Business District.

6.3 *Key information*

The table below sets out a summary of selected information on the Wuhan Property as at 31 October 2017 unless otherwise indicated.

Address:	No. 1 Zhongshan Avenue, Qiao Kou District, Wuhan, Hubei Province, the PRC
Year and month of completion:	Office: August 2016 Retail: (Plot A) December 2015 and (Plot B) October 2015 Commercial Carpark Spaces: (Plot A) August 2016 and (Plot B) October 2015 Residential Carpark Spaces: (Plot A) August 2016, (Plot B) October 2015 and (Plot C) September 2014

Term of land use rights ⁽¹⁾ :	The period commencing on 27 May 2011 and ending on 26 May 2051
Operating term of WH Project Company:	The period commencing on 19 January 2011 and ending on 19 January 2031 ⁽²⁾
Ownership certificates (不動產權屬證明):	Obtained on 20 September 2017 (save for certain portions referred to in the section headed “Ownership” below)
Gross floor area:	Office: 129,446.74 sq.m. Retail: 43,557.58 sq.m. Commercial Carpark Spaces: 47,182.94 sq.m. ⁽³⁾ Residential Carpark Spaces: 15,602.82 sq.m. ⁽³⁾ Other: 12,415.12 sq.m. ⁽⁴⁾
Gross rentable area:	Office: 129,446.74 sq.m. Retail: 43,557.58 sq.m.
Net lettable area:	Office: 80,881.62 sq.m. Retail: 27,474.49 sq.m.
Number of carpark spaces:	Commercial: 1,134 Residential: 375
Number of tenants:	Office: 29 Retail: 80
Average rent (RMB/sq.m.) (excluding carpark spaces) for the month of October 2017 ⁽⁵⁾ :	Office: RMB90.78 (based on gross rentable area) Retail: RMB45.75 (based on gross rentable area) and RMB71.89 (based on net lettable area)
Percentage of gross rented area leased to top 10 tenants ⁽⁶⁾ :	Office: 75.2% Retail: 53.7%
Percentage of total monthly rent from top 10 tenants:	Office: 74.6% Retail: 33.2%

Occupancy rate as at the Latest Practicable Date ⁽⁷⁾⁽⁸⁾ :	Office: 40.5% Retail: 86.8%
Net property income for the six months ended 30 June 2017 ⁽⁹⁾ :	RMB6,557,651
Appraised value as at 31 August 2017 (being the WH Appraised Value):	RMB3,587,000,000

Notes:

- (1) As advised by the Manager's PRC legal adviser, 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 a land use right extension at least one year prior to expiry of the use term. The approval shall ordinarily be granted except when the land needs to be expropriated for social public interest. If the land use right extension is approved, a new land use right grant contract shall be signed and the land premium shall be paid according to the relevant regulations. There is no expiry date regarding the ownership rights held by WH Project Company. As such, as advised by the Manager's PRC legal adviser, unless the government plans to expropriate the land due to public interest, the land user may extend the land use right in accordance with PRC laws and administrative regulations. However, there can be no assurance that a land use right extension can always be obtained.
- (2) Similar to most other PRC companies, the duration of WH Project Company is not unlimited. WH Project Company's approved original operating term is 20 years with possible extension. The expiry date of the original operating term (being 19 January 2031) is earlier than the expiry date of the land use right terms (being 26 May 2051). The PRC legal adviser of the Manager, Zhong Lun Law Firm, has advised that if the operating term is to be extended, a shareholders' meeting is required to pass the resolution to extend the original operating term and to amend WH Project Company's articles of association for the extension. Zhong Lun Law Firm does not foresee any legal impediment for the renewal of the operating term of WH Project Company as long as WH Project Company's articles of association and PRC regulations are followed. Please see paragraph 2(a) of Appendix 6 to the Circular and the risk factor headed "WH Project Company may not be able to renew its original operating term" in Appendix 5 to the Circular for more details.

- (3) Based on the total area of the underground carpark (being 132,644.8 sq.m.), multiplied by the total number of Commercial Carpark Spaces or Residential Carpark Spaces (as the case may be), divided by the Total Carpark Spaces.
- (4) Includes public utility rooms and fire refuge floors.
- (5) Average rent per leased sq.m. is based on current gross (base) rent.
- (6) Top 10 tenants by gross rented area. 6.3% of the office gross floor area (based on signed leases) is leased to Wuhan Kangjing Shiye Investment Co., Ltd.* (武漢康景實業投資有限公司), being a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code and one of the top 10 tenants in respect of the office portion of the Wuhan Property.
- (7) Occupancy rate calculated based on leased gross rentable area excluding the carpark spaces.
- (8) Development of the office portion of the Wuhan Property was completed in August 2016 and leasing only commenced in November 2016, which may have resulted in the office portion's relatively low occupancy rate of around 40.5% as at the Latest Practicable Date. Development of the retail portion of the Wuhan Property was first completed in October 2015.
- (9) Calculated by deducting property operating expenses from gross revenue based on information provided by WH Vendor. Gross revenue consists of gross rental income (net of tax) and all income accruing or resulting from the operation of the Wuhan Property, including advertising revenue and other revenues. Property operating expenses include direct property related expenses incurred by WH Project Company, including, without limitation, property agency fee, utilities expenses, insurance expenses, tax related expenses and expenses related to repairs and maintenance.

7. Due diligence review

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the Wuhan Property and the WH Target Group, and no material irregularities or non-compliance issues have been noted as at the Latest Practicable Date. Such due diligence has been carried out in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual. Immediately after Completion, Yuexiu REIT will hold good, marketable, legal and beneficial title in 67.0% of the Wuhan Property.

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

8. Ownership

Yuexiu REIT's 67.0% interest in the Wuhan Property will be held on trust for Yuexiu REIT by the Trustee in accordance with the provisions of the Trust Deed. More specifically, the Trustee will, through WH Purchaser, hold WH Target Company. WH Target Company will after the Reorganisation indirectly own 67.0% of the equity interest in WH Project Company, which in turn is the legal and registered owner of the land use rights and current ownership rights underlying the Wuhan Property.

The PRC legal adviser of the Manager, Zhong Lun Law Firm, has advised that WH Project Company has legally obtained the state-owned land use rights and is the sole user of the land use rights in respect of the Wuhan Property. The PRC legal adviser of the Manager has also advised that WH Project Company is the sole owner of the ownership certificates (不動產權屬證明) issued in respect of the Wuhan Property, and that ownership certificates have been issued in respect of the entire Wuhan Property save in respect of the following portions: (a) the Commercial Carpark Spaces, Residential Carpark Spaces and basement of the Wuhan Property; and (b) part of the retail portion of the Wuhan Property ("**Plot B Retail Portion**").

Regarding the absence of ownership certificates in respect of the Commercial Carpark Spaces, Residential Carpark Spaces, and basement of the Wuhan Property, the PRC legal adviser of the Manager has advised that this would not adversely affect WH Project Company's right to legally own, occupy, transfer and lease out such areas in accordance with the relevant PRC laws and, in respect of the Commercial Carpark Spaces and Residential Carpark Spaces, subject to the conditions of the relevant pre-sale permits. Pursuant to the pre-sale permits for the Commercial Carpark Spaces and Residential Carpark Spaces, such carpark spaces can only be sold to owners of premises within the Development.

Regarding the absence of ownership certificates in respect of the Plot B Retail Portion, the PRC legal adviser of the Manager has advised that, irrespective of whether WH Project Company has obtained the ownership certificates (being the definitive evidence of title for the Wuhan Property), WH Project Company, as the owner of the land use right in respect of the Wuhan Property, has also obtained all the requisite licences, permits and certificates to develop the Wuhan Property, and is the owner of the Wuhan Property and such ownership is protected under PRC law, and that the absence of such ownership certificates in respect of the Plot B Retail Portion would not adversely affect WH Project Company's right to legally own, occupy, transfer and lease out such areas in accordance with the relevant PRC laws.

No property rights certificates (不動產權證) have been obtained in respect of the Wuhan Property to date but the PRC legal adviser of the Manager has advised that the absence of such certificates would not adversely affect WH Project Company's right to legally own, occupy, transfer and lease out such areas in accordance with the relevant PRC laws. WH Vendor has advised the Manager that the process of obtaining property rights certificates in respect of the aboveground portion of Plot A, the Plot B Retail Portion and the office portion of the Wuhan Property is currently ongoing and is expected to be complete prior to Completion. The PRC legal adviser of the Manager has advised that the issuance of such certificates is only pending certain procedural formalities in the PRC, and does not foresee any legal impediment for WH Project Company to obtain such certificates as long as such procedural formalities are followed. The property rights certificates that are presently being obtained will not cover the entire Wuhan Property, but as noted above, the PRC legal adviser of the Manager has advised that the absence of such certificates (including those for the remaining portions of the Wuhan Property in which no property rights certificate is presently being obtained) would not adversely affect WH Project Company's right to legally own, occupy, transfer and lease out such areas in accordance with the relevant PRC laws, although it may be practically difficult to collateralise such areas.

Based on the above, the PRC legal adviser of the Manager is of the view that WH Project Company can legally own, occupy, transfer and lease out the Wuhan Property in accordance with the relevant PRC laws free from encumbrances, subject to the conditions of the relevant pre-sale permits and existing tenancies, although it may be practically difficult to collateralise portions of the Wuhan Property with no property rights certificate. Based on the above advice of the PRC legal adviser, the Manager is of the view that WH Project Company will have good, marketable, legal and beneficial title to the Wuhan Property upon Completion.

According to the *Law of the People's Republic of China on Administration of Urban Real Estate* (中華人民共和國城市房地產管理法), if the land user intends to continue to use the land upon expiry of the use term (being 26 May 2051 in respect of the Wuhan Property), such user shall file an application for a land use right extension at least one year prior to expiry of the use term. The approval shall ordinarily be granted except when the land needs to be expropriated for social public interest. If the land use right extension is approved, a new land use right grant contract shall be signed and the land premium shall be paid according to the relevant regulations. There is no expiry date regarding the ownership

rights held by WH Project Company. For the reasons above, the PRC legal adviser of the Manager has advised that a land user may extend the land use right in accordance with PRC laws and administrative regulations. However, there can be no assurance that a land use right extension can always be obtained.

9. Tenancy agreements

9.1 Overview of the tenancy agreements

The tenancy agreements entered into for the Wuhan Property are generally for terms ranging from three to five years, depending on factors such as the size of the lease premises, expiry and tenant profile of the Wuhan Property.

9.2 Lease CCTs

On Completion, the tenancy agreements entered into by WH Project Company will be assumed by Yuexiu REIT by virtue of its acquisition of a 67.0% interest in the WH Project Company. As at the Latest Practicable Date, each of the following entities (collectively, the “**Relevant Tenants**”) has entered into a tenancy agreement with WH Project Company in respect of certain premises within the Wuhan Property (collectively, the “**Lease CCTs**”):

- (a) Wuhan Kangjing Shiye Investment Co., Ltd.* (武漢康景實業投資有限公司); and
- (b) Wuhan Yuexiu Victoria Business Management Ltd* (武漢越秀維港商業管理有限公司).

Details of the Lease CCTs subsisting as at the Latest Practicable Date are provided in the table below:

Relevant Tenant	Premises	Gross floor area (sq.m.)	Commencement date	Monthly rent (RMB)	Monthly rent	Rent free	Term (years)
					per sq.m. (RMB)	period (days)	
Wuhan Yuexiu Victoria Business Management Ltd	Unit 6201A	875.91	1 September 2017	127,007	145	91	5
Wuhan Kangjing Shiye Investment Co., Ltd.	Unit 6201B, 6301	3,108.18	1 September 2017	407,070	131	91	5
Wuhan Kangjing Shiye Investment Co., Ltd	Units 505-506	401.08	1 September 2017	34,894	87	30	5
Total				554,431			
(RMB):							

Rent payable by the Relevant Tenants would increase over their respective lease terms in accordance with the terms of the Lease CCTs with increases of up to 5% depending on the year of the lease. Further details of the Lease CCTs (including, the monthly rent and the rental income received by Yuexiu REIT for that reporting period) will be disclosed in Yuexiu REIT's semi-annual and annual reports, as required under paragraph 8.14 of the REIT Code. Vigers Appraisal and Consulting Limited, the current principal valuer of Yuexiu REIT, has confirmed that the rental/licence fees in respect of the Lease CCTs were at prevailing market levels as at their respective agreement dates, and that the other commercial terms in the Lease CCTs such as tenure, rental deposits and break clauses were normal commercial terms.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Relevant Tenants is an associated company of a significant holder of Yuexiu REIT (being Dragon Yield), by virtue of Yuexiu Property owning more than 20% of the voting rights of Dragon Yield and each of the Relevant Tenants respectively. Accordingly, each of the Relevant Tenants is a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code and on Completion, the Lease CCTs and the transactions contemplated thereunder will constitute continuing connected party transactions of Yuexiu REIT, which fall within the scope of the "leasing transactions" described in the 2014 Extended Waiver. For further details, please see the section headed "New Property Management Agreement, Tenancy Services Agreement, Carpark Master Lease Agreements and Lease CCTs".

10. **Management strategy**

Upon Completion and pursuant to the Joint Venture Agreement, the Manager will have the general power of management over the Wuhan Property and its main responsibility is to manage such property for the benefit of the Unitholders.

(a) **New Property Management Agreement**

On Completion, Yicheng Wuhan Branch and WH Project Company will enter into a property management agreement (the "**New Property Management Agreement**") pursuant to which Yicheng Wuhan Branch agrees to act as the property manager of the Wuhan Property and provide property management services in respect of such property for a term commencing from Completion to 31 December 2020.

Under the New Property Management Agreement, Yicheng Wuhan Branch will be entitled to collect a property management fee from the tenants at a rate of RMB30 per sq.m. per month for the office portion of the Wuhan Property, and

generally RMB40 per sq.m. per month for the retail portion of the Wuhan Property (adjustable for consumer price index increases) depending on the tenant profile and the actual monthly property management expenses of the Wuhan Property. No property management fees shall be payable under the New Property Management Agreement in respect of the Commercial Carpark Spaces and Residential Carpark Spaces.

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

The services to be provided by Yicheng Wuhan Branch under the New Property Management Agreement include, among other things, upkeep, repair and maintenance services of the common areas and facilities of the Wuhan Property, monitoring and security services, obtaining the relevant insurances required for the Wuhan Property, drawing up a user manual and establishing local rules for the Wuhan Property (which is subject to the approval of WH Project Company), as well as producing annual property management plans (for the review and approval by WH Project Company). Yicheng Wuhan 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.

(b) Tenancy Services Agreement

Yicheng Wuhan Branch and WH Project Company shall enter into a tenancy services agreement (the “**Tenancy Services Agreement**”) on Completion pursuant to which Yicheng Wuhan Branch will provide tenancy services to all tenants of the Wuhan Property for a term commencing from Completion to 31 December 2020 and as consideration for such services, an annual leasing agents' fee of 4.0% of the gross annual revenue for the Wuhan Property will be charged. The Tenancy Services Agreement and the transactions 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.

(c) **Carpark Master Lease Agreements**

Yicheng Wuhan Branch and WH Project Company shall enter into a carpark master lease agreement (the “**Commercial Carpark Master Lease Agreement**”) on Completion, pursuant to which the Commercial Carpark Spaces as a whole will be master-leased to Yicheng Wuhan Branch for the period commencing from Completion to 31 December 2020 for RMB7,500,000 per year. The Commercial Carpark Master Lease Agreement may be renewed at the option of WH Project Company after expiry of the initial term, subject to agreement between the parties thereto.

Yicheng Wuhan Branch and WH Project Company shall also enter into a carpark master lease agreement (the “**Residential Carpark Master Lease Agreement**” and together with the Commercial Carpark Master Lease Agreement, the “**Carpark Master Lease Agreements**”) on Completion, pursuant to which the Residential Carpark Spaces as a whole will be master-leased to Yicheng Wuhan Branch for the period commencing from Completion to 31 December 2020 for RMB3,480,000 per year. The Residential Carpark Master Lease Agreement may be renewed at the option of WH Project Company after expiry of the initial term or any renewal term for a one-year term each until all Residential Carpark Spaces held by WH Project Company are sold, and such renewal shall be on terms agreed between the parties thereto, subject to compliance with all the relevant laws and regulations (including, without limitation, the REIT Code).

Vigers Appraisal and Consulting Limited, the current principal valuer of Yuexiu REIT, has confirmed that the rental/licence fees in respect of the agreed form Carpark Master Lease Agreements are at prevailing market levels as at the Latest Practicable Date, and that the other commercial terms in the agreed form Carpark Master Lease Agreements such as tenure, rental deposits and break clauses are normal commercial terms.

(d) **Regulatory considerations**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Yicheng Wuhan Branch is a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code by virtue of being 99.28% indirectly owned by Yuexiu Property.

Accordingly: (i) the New Property Management Agreement and the transactions contemplated thereunder will constitute continuing connected party transactions of Yuexiu REIT, which fall within the scope of “property management agreements” described in the 2014 Extended Waiver; (ii) the Tenancy Services Agreement and the transactions contemplated thereunder will constitute continuing connected party transactions of Yuexiu REIT, which fall within the scope of “tenancy services agreements” described in the 2014 Extended Waiver; and (iii) each Carpark Master Lease Agreement and the transactions contemplated thereunder will constitute continuing connected party transactions of Yuexiu REIT, which fall within the scope of “leasing transactions” described in the 2014 Extended Waiver. For further details, please see the section headed “New Property Management Agreement, Tenancy Services Agreement, Carpark Master Lease Agreements and Lease CCTs”.

B. FINANCING OF THE ACQUISITION

The Manager intends to finance the Consideration: (i) as to the Initial Completion Payment and WH True-up Payment, from drawing down on the New Bank Facility up to an amount equivalent to RMB1,222,000,000 (based on the prevailing HKD/RMB exchange rate as determined by the cross rates of USD/CNY(HK) Spot Rate and USD/HKD Spot Rate and which are announced by the Treasury Markets Association of Hong Kong at around 11:30 a.m. (Hong Kong Time) on Reuters at the relevant time) and internal resources; and (ii) as to the Deferred Completion Payment (and all accrued interest thereon) payable within one year after Completion, from one or more sources of funds as described in the section headed “Financing of the Deferred Completion Payment” below. The One-Off Fees and Charges will be financed by internal resources and/or drawing down on the New Bank Facility.

1. New Bank Facility

The Manager has entered into a commitment letter with a lender bank for the provision of a Hong Kong dollar denominated unsecured term loan facility up to an amount equivalent to RMB1,222,000,000 (based on the prevailing HKD/RMB exchange rate as determined by the cross rates of USD/CNY (HK) Spot Rate and USD/HKD Spot Rate and which are announced by the Treasury Markets Association of Hong Kong at around 11:30 a.m. (Hong Kong Time) on Reuters at the relevant time) (the “**New Bank Facility**”), which is intended to be drawn down in full to partly finance the Consideration and/or One-Off Fees and Charges. The lender bank is an independent third party and not a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code. The New Bank Facility will bear interest at a margin of 1.3% per annum over HIBOR,

and will mature and become repayable in three years from the date on which the New Bank Facility is drawn down. The Trustee will provide an unconditional and irrevocable guarantee in favour of the lender in respect of the New Bank Facility.

The terms and conditions of the New Bank Facility described in this announcement are indicative only and subject to change depending on the market conditions at the time the New Bank 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 Bank 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. Financing of the Deferred Completion Payment

The Manager intends to finance the Deferred Completion Payment (and all accrued interest thereon), which shall be paid within one year after Completion, by: (i) utilising one or more financing means (which may include drawing on additional new bank borrowings and/or utilising internal resources from the disposal of one or more Existing Properties) having regard to prevailing market conditions and the strategic objectives of Yuexiu REIT; and/or (ii) drawing down on the Vendor Facility to the extent there is any shortfall. Any such additional new bank borrowings shall be on normal commercial terms, at arm's length, fair and reasonable and in the interests of Unitholders. As of the Latest Practicable Date, Yuexiu REIT has not entered into any binding agreement in relation to the disposal of any one or more Existing Properties.

In formulating the financing structure for the Deferred Completion Payment (and all accrued interest thereon), the Manager, in consultation with its financial advisers, will take into consideration, among other things: (i) the parameters to which Yuexiu REIT is subject (including the borrowing limits and distribution requirements under the REIT Code and Trust Deed, such borrowing limit under the REIT Code currently limiting the Gearing Ratio to 45.0%); (ii) the costs of debt under the prevailing market conditions; (iii) the availability of other more favourable financing means having regard to the strategic objectives of Yuexiu REIT; and (iv) the expected financial effect of the selected financing structure.

The Manager shall publish a further announcement regarding the Deferred Completion Payment (and interest accrued thereon), including the financing thereof, as soon as practicable after such amount has been paid.

3. Vendor Facility

WH Purchaser (as borrower) will, on Completion, enter into a facility letter in respect of the Vendor Facility with WH Vendor (as lender). In the event that there is any shortfall in the funding required for payment of the Deferred Completion Payment, WH Purchaser may draw down on the Vendor Facility to fund the shortfall if the Manager considers that other financing options with terms and conditions to its satisfaction cannot be secured at the time the Deferred Completion Payment is made.

The “**Vendor Facility**” relates to a Hong Kong dollar denominated unsecured term loan facility up to an amount equivalent to RMB814,700,000 (based on a five-day average of the RMB/HKD central parity rate as announced by the People’s Bank of China at the relevant time), bearing interest at a margin of 1.3% per annum over HIBOR. The Vendor Facility will mature and become repayable one year from the date on which the Vendor Facility is drawn down, subject to Yuexiu REIT having four successive options to extend the maturity date of the Vendor Facility for a further year on the same terms other than the interest margin. The interest margin applicable during the initial term of the Vendor Facility was agreed by WH Vendor and WH Purchaser having regard to prevailing market conditions and the interest margin for each extension period shall likewise be determined having regard to the market conditions then prevailing. Under the Vendor Facility, Yuexiu REIT shall obtain quotations from two independent third party banks for a loan on similar terms as the Vendor Facility prior to each extension of the Vendor Facility, and the interest margin for such extension period shall be the lower of the two quotations.

There is no guarantee provided under the Vendor Facility. Taking into account the Gearing Ratio and the financial resources available to Yuexiu REIT, including its existing cash resources and internally generated funds, the Manager believes that Yuexiu REIT will be able to repay or refinance the Vendor Facility (if drawn) when due.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, WH Vendor is a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code by virtue of being an indirect wholly-owned subsidiary of Yuexiu Property. Accordingly, the Vendor Facility and the transactions contemplated thereunder will constitute connected party transactions of Yuexiu REIT. For further details, please see the section headed “Waiver for Connected Party Transactions in respect of the Vendor Facility” in this announcement.

4. **Expected Gearing Ratio**

Based on the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix 2 to the Circular and the estimated One-Off Fees and Charges in relation to the Acquisition, the Manager expects the Gearing Ratio of Yuexiu REIT to decrease from 37.1% (as at 30 June 2017) to approximately 36.4% immediately following payment of the Initial Completion Payment (but not the Deferred Completion Payment) at Completion, assuming: (i) completion of the Acquisition; (ii) drawdown under the New Bank Facility to finance the Initial Completion Payment; and (iii) retention by WH Project Company of RMB300,000,000 cash.

For illustrative purposes only, based on the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix 2 to the Circular and the estimated One-Off Fees and Charges in relation to the Acquisition, the same assumptions as above and further assuming the Deferred Completion Payment is fully paid upon Completion and entirely financed from the Vendor Facility, the Manager expects the Gearing Ratio of Yuexiu REIT to increase from 37.1% (as at 30 June 2017) to approximately 38.6% upon Completion. For the avoidance of doubt, rather than financing the Deferred Completion Payment from the Vendor Facility, Yuexiu REIT may instead utilise more favourable financing means (which may include drawing down on additional new bank borrowings and/or utilising internal resources from the disposal of one or more Existing Properties) for financing the Deferred Completion Payment, which may result in a lower Gearing Ratio than 38.6%. Further, such impact on the Gearing Ratio of Yuexiu REIT would only crystallise once the Vendor Facility is drawn down, which would likely coincide with the payment of the Deferred Completion Payment up to one year after Completion.

C. **FEES AND CHARGES IN RELATION TO THE ACQUISITION**

1. **Fees and charges payable in relation to the Acquisition**

As WH Target Company of the Acquisition is purchased from a connected person (as seller) of Yuexiu REIT through the Manager, no acquisition fee is payable to the Manager under the Trust Deed in connection with the Acquisition.

Pursuant to the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee in connection with the Acquisition 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 has agreed with the Manager that it will charge Yuexiu REIT a one-time additional fee of HK\$1,000,000 for duties undertaken by it in connection with the Acquisition (the "**Trustee's Acquisition Additional Fees**").

The total fees and charges payable in relation to the Acquisition including the Trustee's Acquisition Additional Fees, advisory fees, professional fees, origination fees and expenses (the "One-Off Fees and Charges") are estimated to amount to approximately RMB65,000,000. The One-Off Fees and Charges are one-off transaction expenses for the Acquisition which are of a non-recurring nature.

2. Ongoing fees and charges following completion of the Acquisition

Pursuant to the Trust Deed:

- (a) the Manager will receive from the Deposited Property: (i) a base fee of 0.3% per annum of the value of the Deposited 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.

The value of the Deposited Property will be increased as a result of the Acquisition (for so long as Yuexiu REIT holds its 67.0% interest in the Wuhan Property).

Pursuant to an Ordinary Resolution approved by Independent Unitholders at the extraordinary general meeting of Yuexiu REIT held on 23 July 2012, the Manager will receive its ongoing Manager's fees in the form of cash (as to 20.0%) and Units (as to 80.0%) for the year ending 31 December 2017.

D. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board (including all the INEDs) believes that the Acquisition will bring the following benefits to the Unitholders:

1. Capture strong economic fundamentals and growth potential of Wuhan

As one of the few Tier 1.5 cities in China, Wuhan possesses strong economic fundamentals and advantages from its strategic and central location. In 2016, Wuhan's gross domestic product was ranked 9th in the PRC with a 7.8% year-on-year growth, outperforming the national gross domestic product growth of 6.7%. As a comparison, Shanghai's and Beijing's year-on-year gross domestic product growths were at 6.8% and 6.7%, respectively.

The National Development and Reform Commission explicitly defined Wuhan to be the seventh National Central City after Beijing, Tianjin, Shanghai, Guangzhou, Chongqing and Chengdu. The National Central Cities are core cities in China that have major influence on many aspects such as politics, economy, culture and diplomacy.

National policies and capital support have underpinned Wuhan's rapid transformation into a developed, service-led economy. During the 12th Five Year Plan period, Wuhan successfully upgraded its economy through its “dual emphasis on secondary industry and tertiary industry development” (“兩業並舉，雙輪驅動”) strategy to focus on both the service industry as well as new-industrialization associated with the manufacturing industry, which aimed to bolster its traditional leading role in the industrial sector. As of 2016 year-end, Wuhan's service industry accounted for 52.8% of Wuhan's total gross domestic product.

From 2012 to 2016, Wuhan's gross domestic product per capita achieved a compound annual growth rate of 8.8%. Its gross domestic product per capita in 2016, being on par with Tier 1 cities such as Beijing and Shanghai, was a strong signal of Wuhan's growth potential and economic affluence. Total retail sales of consumer goods for Wuhan also grew at a compound annual growth rate of 12.8% from 2012 to 2016.

Wuhan has been successfully attracting both domestic and cross border capital investments. Domestic capital investment in Wuhan grew at a compound annual growth rate of 38.4% from 2012 to 2016. Attracted by Wuhan's strategic location and established city infrastructure, national institutions and corporates have located their headquarters or regional headquarters in Wuhan, and the trend is expected to continue. Wuhan is also recognised as a key sea, land and air transportation hub in China due to its geographic advantages. The amount of Foreign Capital Actually Used (實際利用外資) in Wuhan expanded at a compound annual growth rate of 17.7% from 2012 to 2016. As of the end of 2016: (a) nearly half of the Fortune 500 corporations had investments in Wuhan; and (b) Hong Kong-listed blue chip real estate companies, including New World Group, Shui On Land, The Wharf, Hutchison Whampoa and Hang Lung Properties, had real estate projects in Wuhan, evidencing a strong demand for Wuhan's premium office space.

These unique strengths position Wuhan as one of the potentially fastest growing cities in China. Its strong service industry and strategic location are expected to continue to attract ample capital investment and increase demand for premium office space. At the same time, its high gross domestic product per capita and growing retail sales are expected to foster a healthy business outlook for shopping mall buildings.

Based on the foregoing and having regard to the Market Consultant Report, the Manager is of the view that an investment in commercial real estate in Wuhan provides a healthy balance between risk and return as compared to an investment in a developed city within the PRC.

2. Enter into a fast growing market at attractive valuation and with down-side protection

The Manager is of the view that the Acquisition allows Yuexiu REIT to enter into the fast growing Wuhan market at an attractive valuation with downside protection for the period of the Support Arrangement, establish competitive strength in the Wuhan market and potentially enjoy the benefits of long term growth.

2.1 *Fast growing market*

According to the Market Consultant, the capital value of prime office buildings in the Hankou Riverside Business District is expected to grow at a compounded annual growth rate of 4.5% in the period from July 2017 to 2021. For the capital value of prime retail properties in Wuhan, the Market Consultant expects a compounded annual growth rate of 2.5% in the period from July 2017 to 2021.

2.2 *Attractive valuation*

The Agreed Acquisition Amount of the Wuhan Property represents a discount of approximately 5.1% to the Proportionate WH Appraised Value of RMB2,403,290,000 (which is 67.0% of the WH Appraised Value in respect of the entire Wuhan Property as at 31 August 2017, being RMB3,587,000,000).

2.3 *Down-side protection*

To enable Yuexiu REIT to mitigate its exposure to the start-up risks associated with the operation of the Wuhan Property and to ensure Yuexiu REIT receives expected, progressive and recurrent net income during these periods, Yuexiu

Property has agreed to the Support Arrangement by way of which it would provide support payments to Yuexiu REIT for the period from 1 January 2018 up to and including 31 December 2020.

The Baseline Adjusted Net Income amounts for the three financial years during the term of the Support Arrangement are RMB78,000,000, RMB98,000,000 and RMB110,000,000 respectively. The step-up trend of the Baseline Adjusted Net Income amounts aligns with the Manager and the Market Consultant's view that the Wuhan Property will be able to leverage Wuhan's growth potential and demand for International Grade A office buildings. The Support Arrangement brings stability and assurance to Yuexiu REIT while simultaneously capturing the upside potential from the Acquisition. For further details, please see the section headed "Support Arrangement relating to the Wuhan Property".

3. Enhance and upgrade portfolio quality

The Acquisition is in line with Yuexiu REIT's investment objectives and growth strategy, which aim to invest in high quality income-producing commercial real estate in top-tier PRC cities with capital appreciation potential.

Through the acquisition of a 67.0% interest in the Wuhan Property, a newly completed International Grade A office building with high growth potential will be added into Yuexiu REIT's portfolio, thereby strengthening the quality and diversity of its portfolio, and at the same time creating a new growth driver for the portfolio's overall performance.

Wuhan Yuexiu Fortune Centre (武漢越秀財富中心), being the office portion of the Wuhan Property located in Hankou Riverside Business District, is an International Grade A office building completed in 2016 and is currently the tallest operating International Grade A office building in Wuhan with a height of 330 metres. It enjoys views of the Yangtze River and is currently the only International Grade A office building in the Hankou Riverside Business District. The Wuhan Property enjoys easy accessibility with direct connections to both the existing metro line 1 and planned metro line 10 intersecting at the Qiaokou Road station. The retail portion of the Wuhan Property is also the first shopping mall in Wuhan built with a covered walkway to the metro.

The Market Consultant Report estimates that the occupancy rate of the Wuhan Property's office space will reach 80% to 85% by the end of 2018, while the occupancy rate of its shopping mall is expected to be maintained at a high occupancy level of over 95% in the future.

Through the Acquisition, Yuexiu REIT aims to actively enhance its portfolio's overall quality and diversity while aligning with its strategic focus on top-tier properties in high quality locations.

4. **Diversify portfolio and reduce risk**

The Acquisition will be the first step for Yuexiu REIT to expand to central China and capture the growth potential of Wuhan, diversifying Yuexiu REIT into other top tier cities in the PRC and reducing Yuexiu REIT's reliance on the Guangzhou region.

Moreover, the Acquisition is expected to broaden the tenant base of Yuexiu REIT to include more reputable domestic and multi-national corporate tenants. Following the Acquisition, the contribution from Guangzhou IFC to Yuexiu REIT's total portfolio in terms of asset value is expected to reduce from 60% to 55%, while that from Yuexiu REIT's 67.0% interest in the Wuhan Property is expected to be 8%.

Balanced against the benefits arising from the diversification of Yuexiu REIT's portfolio and tenant base, the Manager is also of the view that acquiring a 67.0% (and not 100.0%) interest in the Wuhan Property allows start-up risks associated with managing a relatively non-mature asset to be mitigated and limits Yuexiu REIT's obligations and liabilities pertaining to the Wuhan Property to its proportionate interest in WH Project Company.

By virtue of Yuexiu Property retaining 33.0% of its interest in the Wuhan Property post-Acquisition, Yuexiu REIT benefits from having its interest aligned with the existing owner of the Wuhan Property who has a sizeable local presence in Wuhan and requisite experience in managing the Wuhan Property.

The acquisition of a 67.0% interest in the Wuhan Property would also reduce the immediate financial burden on Yuexiu REIT that would otherwise be associated with an acquisition of the entire Wuhan Property, and the Acquisition is expected to result in a Gearing Ratio within the 45.0% borrowing limit under the REIT Code. Yuexiu REIT retains a right of first refusal to purchase the remaining 33.0% interest in the Wuhan Property under the terms of the Joint Venture Agreement to be entered into in connection with the Acquisition. For more details, please refer to the section headed "Transfer of Shares".

5. Enlarge portfolio scale

In addition to achieving a more diversified portfolio mix, the Acquisition will enlarge Yuexiu REIT's portfolio market valuation asset value by 8%. The Manager is of the view that the Acquisition will complement Yuexiu REIT's strong establishment in Guangzhou and existing presence in Shanghai with a new presence in Wuhan, capturing the growth potential from Wuhan's strong economy and growing importance as a business hub in China.

E. FINANCIAL EFFECTS OF THE ACQUISITION

The Circular contains 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 DPU for the six months ended 30 June 2017, as if the Acquisition was completed on 1 January 2017 and Yuexiu REIT had held its 67.0% interest in the Wuhan Property through to 30 June 2017;
- (b) the pro forma financial effects of the Acquisition on net assets attributable to Unitholders per Unit as at 30 June 2017, as if the Acquisition was completed on 30 June 2017; and
- (c) the capitalisation of Yuexiu REIT as at 30 June 2017 based on the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix 2 to the Circular, as if the Acquisition was completed on 30 June 2017.

Please refer to the Circular for the bases and assumptions used for the calculations above.

F. 2017 WAIVER EXTENSION

1. Existing waivers in relation to certain continuing connected party transactions under Chapter 8 of the REIT Code

As disclosed in the 2014 Circular, the SFC granted the 2008 CPT Waivers from strict compliance with certain requirements under Chapter 8 of the REIT Code in respect of certain continuing transactions between Yuexiu REIT on the one hand and certain connected persons on the other hand.

On 6 January 2011, Yuexiu REIT obtained the 2011 Extended CPT Waiver which extended the 2008 CPT Waivers for the three financial years ended 31 December 2013, and set new annual cap amounts for the then existing continuing connected party transactions for such period.

On 20 July 2012, the SFC granted the 2012 Modified and Extended Waiver in respect of the then existing continuing connected party transactions for the three financial years ended 31 December 2014, which superseded the 2011 Extended CPT Waiver. The 2012 Modified and Extended Waiver broadened the categories of the then existing continuing connected party transactions to additionally include those continuing connected party transactions with the Yuexiu Connected Persons Group in respect of Guangzhou IFC that arose as a result of Yuexiu REIT's acquisition of Guangzhou IFC in 2012 and set new annual cap amounts to accommodate such new continuing connected party transactions for that period.

On 11 December 2014, Yuexiu REIT obtained the 2014 Extended Waiver which extended the 2012 Modified and Extended Waiver for the three financial years ending 31 December 2017, and set new annual cap amounts for the then existing continuing connected party transactions for the three financial years ending 31 December 2017. Details of such continuing connected party transactions and the 2014 Extended Waiver are set out in the 2014 Circular.

2. Expiration of the 2014 Extended Waiver

The 2014 Extended Waiver will expire on 31 December 2017. In accordance with the terms of the 2014 Extended Waiver, the 2014 Extended Waiver may be extended beyond 31 December 2017, and/or the terms and the conditions of the 2014 Extended Waiver may be modified from time to time, provided that:

- (a) due approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the 2014 Extended Waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Yuexiu REIT after the date on which the approval referred to in paragraph (a) above is obtained.

3. Extension of the 2014 Extended Waiver

In light of the upcoming expiration of the 2014 Extended Waiver, the Manager has made a submission to the SFC to seek an extension of the 2014 Extended Waiver so that it will continue to apply for the three financial years ending 31 December 2020 (the “**2017 Waiver Extension**”). As part of its submission, the Manager has also proposed New Annual Caps for the extended period. The types of New Connected Party Transactions in respect of which the 2017 Waiver Extension is sought are the same as those referred to in the 2014 Circular.

4. Opinions of the Board, the Independent Financial Adviser, the Independent Property Valuer, the Independent Board Committee and the Trustee

The respective opinions of the Board, the Independent Financial Adviser, the Independent Board Committee and the Trustee with regard to the CCPT Matters Requiring Approval are set out in the Circular. Additionally, the Independent Property Valuer has also opined on the Connected Leasing Transactions subsisting as at the Latest Practicable Date, as set out in the Circular.

G. IMPLICATIONS FOR YUEXIU REIT UNDER THE REIT CODE, THE TRUST DEED AND THE LISTING RULES

1. The Acquisition

Clause 31.1 of the Trust Deed requires any connected party transaction to be carried out in accordance with the provisions of the REIT Code and any conditions (including conditions of any waivers or exemptions from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time. Under paragraph 8.1 of the REIT Code, connected persons of Yuexiu REIT include, among others, a significant holder (that is, a holder of 10.0% or more of the outstanding Units) and its associated companies.

As at the date of this announcement, Yuexiu Property is an associated company of a significant holder of Yuexiu REIT (being Dragon Yield), by virtue of Yuexiu Property owning more than 20% of the voting rights of Dragon Yield. WH Vendor, being an indirect wholly-owned subsidiary of Yuexiu Property, is an associated company of Dragon Yield. As a result, Yuexiu Property and WH Vendor are each a connected person of Yuexiu REIT within the meaning of Chapter 8 of the REIT Code.

Accordingly, each of the following constitutes a connected party transaction of Yuexiu REIT under paragraph 8.5 of the REIT Code:

- (a) the Acquisition and the consummation of the transactions contemplated under the Acquisition Deed; and
- (b) upon completion of the Acquisition, the execution of the Joint Venture Agreement and the consummation of the transactions contemplated thereunder.

As the sum of the Agreed Acquisition Amount (being RMB2,280,606,300) and an illustrative interest amount of RMB13,330,493 accruing on the Deferred Completion Payment (based on interest accruing on 40.0% of the Agreed Acquisition Amount), being RMB2,293,936,793, exceeds 5.0% of the net asset value of Yuexiu REIT (as disclosed in its latest published audited accounts, as adjusted for the interim distribution paid by Yuexiu REIT since the publication of such accounts) pursuant to paragraph 8.11 of the REIT Code and clause 31.1 of the Trust Deed, each of the connected party transactions above (being the Transaction Matters Requiring Approval) will require Independent Unitholders' approval by way of an Ordinary Resolution at the EGM.

As: (a) the sum of the Agreed Acquisition Amount and the abovementioned illustrative interest amount (being RMB2,293,936,793) represents approximately 18.4% of the total market capitalisation of Yuexiu REIT (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the Latest Practicable Date); and (b) the WH Appraised Value of the Wuhan Property (being RMB3,587,000,000) represents approximately 11.7% of the total assets of Yuexiu REIT as at 30 June 2017 (as adjusted for the interim distribution paid by Yuexiu REIT), the Acquisition constitutes a discloseable transaction for Yuexiu REIT under the Listing Rules (as if the Listing Rules were applicable to Yuexiu REIT).

2. 2017 Waiver Extension

The Board proposes to seek Independent Unitholders' approval for the CCPT Matters Requiring Approval. Please refer to the section headed "2017 Waiver Extension" for further details regarding the 2017 Waiver Extension. Details of the relevant continuing connected party transactions will be disclosed in Yuexiu REIT's semi-annual and annual reports, as required under paragraph 8.14 of the REIT Code.

3. Ordinary Resolutions

The Manager takes the view that each of the Transaction Matters Requiring Approval are interdependent and linked to each other and part and parcel of a significant proposal. In particular, the Joint Venture Agreement only arises from the consummation of the transactions contemplated under the Acquisition and will not be required but for the entry into the Acquisition Deed.

The proposed resolution in relation to the CCPT Matters Requiring Approval is not conditional on the Transaction Matters Requiring Approval, and the proposed New Annual Caps provide for scenarios where the Acquisition does or does not complete. Accordingly, the Manager will seek Unitholders' approval for the CCPT Matters Requiring Approval under a separate Ordinary Resolution.

Please refer to the EGM Notice for the proposed resolutions in relation to the Matters Requiring Approval. As soon as practicable after the EGM, the Manager will issue an announcement setting out the results of the EGM, including whether the proposed resolutions have 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 resolutions 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 resolutions 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.

Members of the Yuexiu Group are or will be counterparties to the Acquisition Deed, the Joint Venture Agreement and the New Continuing Connected Party Transactions and as such, are considered to have a material interest or deemed material interest in the ordinary resolutions relating to the Transaction Matters Requiring Approval and the CCPT Matters Requiring Approval that will be tabled for approval at the EGM, different from that of other Unitholders. Pursuant to the REIT Code and the Trust Deed, each of Yuexiu Property and Yue Xiu has agreed that it will abstain, and will procure that its controlling entities, holding companies, subsidiaries and associated companies (as defined in the REIT Code) will abstain, from voting on such Ordinary Resolutions, except pursuant to a proxy where a specific direction by an Independent Unitholder as to voting is given.

So far as the Manager is aware, as at the Latest Practicable Date, the parties mentioned above as needing to abstain from voting are interested or deemed to be interested in 1,050,090,075 Units representing approximately 35.6% of the Units in issue.

To the best of the Manager's knowledge, information and belief, after having made reasonable enquiries, the Manager takes the view that, save as disclosed above, as at the Latest Practicable Date, no other Unitholder is required to abstain from voting at the EGM in respect of the resolutions pertaining to the Matters Requiring Approval.

5. WAIVER APPLICATION AND SUBMISSIONS MADE TO THE SFC

5.1 *Submission for more than two layers of SPVs in respect of the Wuhan Property*

Paragraph 7.5(d) of the REIT Code provides that the scheme shall have no more than two layers of SPVs through which real estate is held. As indicated in the note to paragraph 7.5(d) of the REIT Code, the SFC has the discretion to allow a scheme to have additional layer(s) of SPVs if justified by the particular circumstances.

As set out in the section headed "Expected Holding Structure of the Wuhan Property", the holding structure of the Wuhan Property immediately before Completion (after the Reorganisation and the pre-completion disposal of the Non-Target Property) involves three layers of SPVs and upon Completion, Yuexiu REIT would hold its 67.0% interest in the Wuhan Property through four layers of SPVs.

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), the Manager has made a submission to the SFC for the use of no more than four layers of SPVs in relation to the holding of Yuexiu REIT's interest in the Wuhan Property, subject to the condition that there will be no change to the maximum number of four layers of SPVs used by Yuexiu REIT without further approval of the SFC.

5.2 *Submission in respect of "majority ownership and control" of the Wuhan Property (excluding the Subject Carpark Spaces) and the Subject Carpark Spaces*

Upon Completion, WH Purchaser shall acquire 67.0% of WH Project Company, which at such time shall hold the Wuhan Property comprising: (i) the entire 68-storey office and commercial development known as "Wuhan Yuexiu Fortune

Centre (武漢越秀財富中心)”; (ii) the entire 5-storey shopping arcade known as “Starry Victoria Shopping Centre (星匯維港購物中心)” (inclusive of a 1-storey basement); (iii) the Commercial Carpark Spaces; and (iv) the Residential Carpark Spaces.

The Commercial Carpark Spaces and Residential Carpark Spaces (collectively, the “**Subject Carpark Spaces**”) represent approximately 35.6% and 11.8% of the Total Carpark Spaces (47.4% in aggregate). To the best of its knowledge and belief and based on information currently available to the Manager, the remaining 52.6% of the Total Carpark Spaces are held by independent third parties who are residential owners of Starry Winking (星匯雲錦) also developed by WH Project Company.

To the best of its knowledge and belief and based on information currently available to the Manager, the Manager considers that Yuexiu REIT will be able to (through its 67.0% interest in WH Project Company, and having regard to the limited Joint Decision Matters in the Joint Venture Agreement as stated in the section headed “Joint Decision Matters” which do not impinge upon the following matters):

- (a) manage and maintain the Wuhan Property (excluding the Subject Carpark Spaces);
- (b) exercise the day-to-day management and operation of the Wuhan Property (excluding the Subject Carpark Spaces) free from interference, control or restriction;
- (c) independently carry out asset enhancement work to the Wuhan Property (excluding the Subject Carpark Spaces); and
- (d) direct WH Project Company to exercise all rights as owner of the Wuhan Property (excluding the Subject Carpark Spaces), for example, to sell, mortgage, occupy and lease out the Wuhan Property (excluding the Subject Carpark Spaces) without interference, in each case subject to applicable PRC laws and permits.

Based on the foregoing, the Manager has made a submission to the SFC that Yuexiu REIT (through WH Intermediary Company) would be able to exercise control over the management and strategic development of WH Project Company and Wuhan Property (other than the Subject Carpark Spaces), and upon Completion, Yuexiu REIT will have “majority ownership and control” of the Wuhan Property (other than the Subject Carpark Spaces) under paragraphs

7.5(aa) and 7.7A of the REIT Code (having regard to the additional guidance contained in the REIT Code FAQs), and thereby meets such requirement. In addition, it is submitted that the Joint Venture Agreement with WH Vendor Subsidiary will benefit Unitholders by allowing Yuexiu REIT to:

- (a) (through WH Vendor Subsidiary) nominate two out of three directors that sit on the board of directors of WH Project Company, whose decisions will generally be made by simple majority in accordance with the terms of the Joint Venture Agreement. For more details, please refer to the section headed “Joint Decision Matters”;
- (b) leverage on Yuexiu Property’s local market expertise attributable to its sizeable presence in Wuhan, as well as its familiarity with the Wuhan Property, having developed and managed the Wuhan Property for the period prior to Completion. In addition, given its familiarity with the main contractors engaged for the development of the Wuhan Property, WH Vendor Subsidiary has agreed to, among other things, receive all invoices relating to construction costs of WH Project Company and will arrange for any such invoice to be paid by WH Project Company within the specified timeframe pursuant to the terms of the relevant contract or invoice pursuant to the terms of the Joint Venture Agreement. For more details, please refer to the section headed “Outstanding Construction Costs”;
- (c) mitigate start-up risks associated with managing a relatively non-mature asset with Yuexiu REIT’s obligations and liabilities pertaining to the Wuhan Property limited to its proportionate interests in accordance with the terms of the Joint Venture Agreement; and
- (d) reduce the immediate financial burden on Yuexiu REIT that would otherwise be associated with an acquisition of the entire Wuhan Property,

which therefore justifies the entry into the Joint Venture Agreement with Yuexiu Property (through WH Vendor Subsidiary) for the purposes of paragraph 7.7A and the note to paragraph 7.5(aa) of the REIT Code.

The PRC legal adviser of the Manager, Zhong Lun Law Firm, has also issued a legal opinion to the Manager that: (i) describes the factual information set out in the section headed “Key terms of the Joint Venture Agreement” insofar as it relates to the terms of the Joint Venture Agreement, the equity and profit sharing arrangements of the JV Shareholders, and the restrictions on divestment by Yuexiu REIT of its interest in (or shareholder loans to) WH Project Company to

a third party transferee; and (ii) confirms that the Joint Venture Agreement, when entered into will be legally binding, with rights and obligations that are valid and enforceable on and by each party in accordance with currently applicable PRC laws and regulations.

In respect of the Subject Carpark Spaces (representing approximately 47.4% of Total Carpark Spaces in aggregate), Yuexiu REIT will not have “majority ownership and control” under paragraph 7.7A of the REIT Code as applied by the SFC. Notwithstanding this, the Manager has submitted that Yuexiu REIT should be allowed to acquire the Subject Carpark Spaces for the reasons that:

- (A) Yuexiu REIT shall have an indirect 67.0% majority interest in WH Project Company, and through such interest having regard to the limited Joint Decision Matters in the Joint Venture Agreement, have: (i) full operational control over the Subject Carpark Spaces; (ii) the ability to independently enhance the Subject Carpark Spaces; and (iii) the ability to direct WH Project Company to exercise all rights as owner of the Subject Carpark Spaces, in each case subject to applicable PRC laws and permits;
- (B) investment in the Commercial Carpark Spaces (being carpark spaces supporting the office and retail portions of the Wuhan Property) and Residential Carpark Spaces (which are part of the same underground carpark, master leased under the Residential Carpark Master Lease Agreement and incidental to the Acquisition) are in line with Yuexiu REIT’s investment objectives and growth strategy to invest in high quality income-producing commercial real estate, and in the best interests of Yuexiu REIT and the Unitholders; and
- (C) the proportionate appraised value of the Subject Carpark Spaces as at 31 August 2017 of RMB192,290,000 (being 67.0% of the appraised value of the entire Subject Carpark Spaces as at 31 August 2017 of RMB287,000,000) as assessed by the Independent Property Valuer (together with the value of similarly non-conforming areas within the Existing Properties) represents approximately 0.56% of the total asset value of Yuexiu REIT as at 30 June 2017 (based on the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix 2 to the Circular) and therefore falls within the allowance for investment in properties in respect of which Yuexiu REIT does not have majority ownership and control allowed by the SFC.

5.3 *Waiver for Connected Party Transactions in respect of the Vendor Facility*

The Manager has applied to the SFC for a waiver from strict compliance with certain requirements under Chapter 8 of the REIT Code in relation to the transactions between Yuexiu REIT and WH Vendor as contemplated under the Vendor Facility (the “**Facility Transactions**”), on the basis that the Vendor Facility is unsecured and on normal commercial terms or better, and on the waiver terms and conditions set out below:

- (a) details of the Facility Transactions shall be disclosed in Yuexiu REIT’s semi-annual and annual reports, as required under paragraph 8.14 of the REIT Code;
- (b) the INEDs shall review the Facility Transactions annually and confirm in Yuexiu REIT’s annual report for the relevant financial period that such transactions have been entered into:
 - i. in the ordinary and usual course of business of Yuexiu REIT;
 - ii. based on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Yuexiu REIT than terms available to or from (as appropriate) independent third parties; and
 - iii. in accordance with the relevant agreement and the Manager’s internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the Unitholders as a whole;
- (c) in respect of each relevant financial period, the Manager shall engage and agree with the auditors of Yuexiu REIT to perform certain review procedures on the Facility Transactions. The auditors shall then report to the Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the SFC), confirming whether all the Facility Transactions:
 - i. have received the approval of the Board (including the INEDs);
 - ii. have been entered into in accordance with the Manager’s internal procedures governing them (if any) and are in accordance with the terms disclosed in the Circular; and

- iii. have been entered into and carried out in accordance with the terms of the agreements (if any) governing the transactions;
- (d) the Manager shall allow, and shall procure the counterparty to the relevant Facility Transactions to allow, the auditors of Yuexiu REIT sufficient access to their records for the purpose of reporting on the transactions; and
- (e) the Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors of Yuexiu REIT and/or the INEDs will not be able to confirm the matters set out in paragraphs (b) and (c) above.

6. New Property Management Agreement, Tenancy Services Agreement, Carpark Master Lease Agreements and Lease CCTs

As disclosed in the section headed “Existing Waivers in relation to Certain Continuing Connected Party Transactions under Chapter 8 of the REIT Code” in this announcement, Yuexiu REIT obtained the 2014 Extended Waiver on 11 December 2014, by way of which 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 transactions between Yuexiu REIT on the one hand and certain connected persons on the other hand.

As disclosed in the section headed “New Property Management Agreement”, the New Property Management Agreement and the transactions contemplated thereunder constitute connected party transactions of Yuexiu REIT. The New Property Management Agreement and the transactions 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 the section headed “Tenancy Services Agreement”, the Tenancy Services Agreement and the transactions contemplated thereunder constitute connected party transactions of Yuexiu REIT. The Tenancy Services Agreement and the transactions contemplated thereunder fall within the scope of the “tenancy services agreements” described in the 2014 Extended Waiver. The Manager expects that the aggregate annual amounts of: (i) fees payable by Yuexiu REIT to Yicheng Wuhan 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 the financial year ending 31 December 2017 will not exceed the annual cap

for the tenancy services agreements which have been or will be entered into with the Yuexiu Connected Persons Group (the “**Connected TSAs**”) for the financial year ending 31 December 2017 under the 2014 Extended Waiver granted by the SFC. Accordingly, no modification of the 2014 Extended Waiver is necessary as a result of the entry into of the Tenancy Services Agreement and the transactions contemplated thereunder, although the new Tenancy Services Agreement have been taken into consideration in determining the New Annual Caps for the three years ending 31 December 2018, 2019 and 2020 proposed for Independent Unitholders’ approval at the EGM.

As disclosed in the section headed “Carpark Master Lease Agreements”, the Commercial Carpark Master Lease Agreements, Residential Carpark Master Lease Agreement and the transactions contemplated thereunder constitute connected party transactions of Yuexiu REIT. As disclosed in the section headed “Lease CCTs”, the Lease CCTs and the transactions contemplated thereunder also constitute connected party transactions of Yuexiu REIT. The Carpark Master Lease Agreements, Lease CCTs and the transactions contemplated thereunder fall within the scope of the “leasing transactions” described in the 2014 Extended Waiver. The Manager expects that the aggregate annual amounts of: (i) fees receivable by Yuexiu REIT from Yicheng Wuhan Branch under the Carpark Master Lease Agreements; (ii) the aggregate amounts of fees payable to Yuexiu REIT by the Relevant Tenants under the Lease CCTs ; and (iii) the aggregate amounts of fees payable to Yuexiu REIT by the relevant lessees under the tenancy agreements for the Existing Properties, for the financial year ending 31 December 2017 will not exceed the annual cap for the leasing transactions with Yuexiu Connected Persons Group in respect of Yuexiu REIT’s properties (the “**Connected Leasing Transactions**”) for the financial year ending 31 December 2017 under the 2014 Extended Waiver granted by the SFC. Accordingly, no modification of the 2014 Extended Waiver is necessary as a result of: (a) the entry into of the Carpark Master Lease Agreements and the transactions contemplated thereunder; or (b) the assumption of the Lease CCTs and the transactions contemplated thereunder, although each of the new Carpark Master Lease Agreements and the Lease CCTs has been taken into consideration in determining the New Annual Caps for the three years ending 31 December 2018, 2019 and 2020 proposed for Independent Unitholders’ approval at the EGM.

If Unitholders’ approval for the CCPT Matters Requiring Approval is not obtained at the EGM, the Manager will comply with all connected party transactions requirements under Chapter 8 of the REIT Code in relation to the New Property Management Agreement, Tenancy Services Agreement, Carpark

Master Lease Agreements and Lease CCTs and the transactions contemplated thereunder (including, where applicable, the seeking of Independent Unitholders' approval by way of an Ordinary Resolution), unless otherwise waived.

Based on the tenancy profile and information available to the Manager as at the Latest Practicable Date, the Manager confirms that other than the Joint Venture Agreement (which shall be approved as part of the Transaction Matters Requiring Approval), the Vendor Facility (which is subject of the waiver application set out at the section headed "Waiver for Connected Party Transactions in respect of the Vendor Facility"), the New Property Management Agreement, Tenancy Services Agreement, Carpark Master Lease Agreements and Lease CCTs, there are no other continuing connected party transactions that will arise as a result of the Acquisition.

The Board (including the INEDs) considers that each of the New Property Management Agreement, Tenancy Services Agreement, Carpark Master Lease Agreements and Lease CCTs are: (i) in the ordinary and usual course of business of Yuexiu REIT; and (ii) consistent with the investment objectives and strategy of Yuexiu REIT; and (iii) on terms which are normal commercial terms at arm's length and are fair and reasonable and in the interests of Yuexiu REIT, the Independent Unitholders and the Unitholders as a whole.

7. Manager has discretion

Given the Acquisition is dependent on the satisfaction of certain conditions respectively set out in the Acquisition Deed, for the avoidance of doubt, Unitholders should note that the Manager has the discretion to not proceed with the Acquisition if any of the conditions thereunder have not been fulfilled (or waived) prior to the WH Long Stop Date.

8. Opinion of the Independent Board Committee

The Independent Board Committee has obtained an opinion from the Independent Financial Adviser before coming to their view on the Transaction Matters Requiring Approval and the Vendor Facility, and this opinion is set out in the Circular.

9. Opinion of the Board, the Independent Financial Adviser and the Trustee

The respective opinions of the Board, the Independent Financial Adviser and the Trustee with regard to the Transaction Matters Requiring Approval and the Vendor Facility are set out in the Circular.

H. GENERAL

1. Circular

The Circular containing, among other things: (a) letter from the Board to the Unitholders containing details of, among others, the Matters Requiring Approval; (b) a letter from the Independent Board Committee; (c) a letter from the Independent Financial Adviser; (d) the Accountant's Report in respect of the WH Target Group; (e) the unaudited pro forma financial information of the Enlarged Group; (f) the Independent Property Valuer's Wuhan Property valuation report; (g) the Market Consultant report for the Wuhan property market; and (h) the notice of the EGM, has been issued on the date hereof and will be sent to the Unitholders as soon as possible.

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 of Yuexiu REIT will be closed from 29 November 2017 to 4 December 2017 (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 28 November 2017.

3. Indicative Timetable

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

Event	Date and Time
Latest date and time for lodging transfers of Units to participate and vote in the EGM	28 November 2017 at 4:30 p.m.
Book closure period (both days inclusive) to determine the eligibility of Unitholders to participate and vote in the EGM	29 November 2017 to 4 December 2017

Event	Date and Time
Latest date and time for lodging proxy forms for the EGM	2 December 2017 at 3:00 p.m. ⁽¹⁾
EGM Record Date	4 December 2017
Date and time of the EGM	4 December 2017 at 3:00 p.m.
If the approvals sought at the EGM are obtained:	
Drawdown under the New Bank Facility	To be determined by the Manager (but no later than 10 Business Days after the WH Long Stop Date)
Completion of the Acquisition and payment of Initial Completion Payment	To be determined by the Manager (but no later than 10 Business Days after the WH Long Stop Date)
Payment of Deferred Completion Payment	To be determined by the Manager (but no later than one year after the Completion Date)

Note:

(1) Proxy forms have to be lodged not less than 48 hours before the time set for the EGM.

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

The completion of the Acquisition is subject to and conditional upon satisfaction of certain conditions (as set out in the section headed “Conditions precedent under the Acquisition Deed” in this announcement), which include Unitholders’ approval being obtained at the EGM for the Transaction Matters Requiring Approval. Accordingly, the Acquisition may or may not complete. Unitholders, as well as any prospective investors of Yuexiu REIT, are therefore 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:

2008 CPT Waivers	the waiver from strict compliance with the requirements of Chapter 8 of the REIT Code granted by the SFC in 1 February 2008, which is more fully described in the circular dated 4 February 2008 issued by Yuexiu REIT to the Unitholders
2011 Extended CPT Waiver	the extension to the 2008 CPT Waivers for the three financial years ended 31 December 2013 (and subject to new annual caps and conditions) granted by the SFC on 6 January 2011, which is more fully described in the circular dated 17 December 2010 issued by Yuexiu REIT to Unitholders
2012 Circular	the circular dated 30 June 2012 issued by Yuexiu REIT to Unitholders
2012 Modified and Extended Waiver	the waiver from strict compliance with the requirements of Chapter 8 of the REIT Code in respect of the new continuing connected party transactions for that period granted by the SFC on 20 July 2012, which is more fully described in the 2012 Circular
2014 Circular	the circular dated 25 November 2014 issued by Yuexiu REIT to Unitholders
2014 Extended Waiver	the extension to the 2012 Modified and Extended Waiver for the three financial years ending 31 December 2017 (and subject to new annual caps and conditions) granted by the SFC on 11 December 2014, which is more fully described in the 2014 Circular
2017 Waiver Extension	has the meaning ascribed to this term in the section headed “Extension of the 2014 Extended Waiver”

Accountant's Report	the accountant's report set out in Appendix 1 to the Circular in respect of the WH Target Group which, for the avoidance of doubt, includes but is not limited to the financial information in respect of the operation of the Wuhan Property and the Non-Target Property for the relevant period
Acquisition	collectively, (i) the proposed acquisition by WH Purchaser from WH Vendor of the WH Sale Shares; and (ii) the proposed assignment of WH Loan by WH Vendor to WH Purchaser, pursuant to the Acquisition Deed
Acquisition Deed	the deed in respect of the Acquisition dated 14 November 2017 and entered into between WH Purchaser, WH Vendor and Yuexiu Property
Actual Adjusted Net Income	has the meaning ascribed to this term in the section headed "Support Arrangement relating to the Wuhan Property"
Additional EIT Withheld Amount	has the meaning ascribed to this term in the section headed "EIT Segregated Account"
Agreed Acquisition Amount	has the meaning ascribed to this term in the section headed "Overview of the Acquisition"
Annual Support Arrangement Shortfall	has the meaning ascribed to this term in the section headed "Support Arrangement relating to the Wuhan Property"
associated company	has the meaning ascribed to this term in the REIT Code
Baseline Adjusted Net Income	has the meaning ascribed to this term in the section headed "Support Arrangement relating to the Wuhan Property"
Board	the board of Directors
Board Joint Decision Matters	has the meaning ascribed to this term in the section headed "Joint Decision Matters"

Business Day	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong
Carpark Master Lease Agreements	has the meaning ascribed to this term in the section headed “Carpark Master Lease Agreements”
CAS	the Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006 and specific standards and other relevant regulations issued thereafter
CCPT Matters Requiring Approval	collectively, the 2017 Waiver Extension and the New Annual Caps
Circular	the circular dated 15 November 2017 issued by Yuexiu REIT in respect of the Matters Requiring Approval at the EGM
Commercial Carpark Master Lease Agreement	has the meaning ascribed to this term in the section headed “Carpark Master Lease Agreements”
Commercial Carpark Spaces	has the meaning ascribed to this term in the section headed “Overview of the Acquisition”
Completion	completion of the Acquisition
Completion Date	the date on which Completion takes place
Connected Leasing Transactions	has the meaning ascribed to this term in the section headed “New Property Management Agreement, Tenancy Services Agreement, Carpark Master Lease Agreements and Lease CCTs”
connected person	has the meaning ascribed to this term in the REIT Code
Connected PMAs	the property management arrangements entered into with the Yuexiu Connected Persons Group

Connected TSAs	has the meaning ascribed to this term in the section headed “New Property Management Agreement, Tenancy Services Agreement, Carpark Master Lease Agreements and Lease CCTs”
Consideration	has the meaning ascribed to this term in the section headed “Consideration and Payment Terms of the Acquisition”
Defaulter	the defaulting JV Shareholder after the occurrence of an event of default in relation to a JV Shareholder
Defaulter’s Interest	has the meaning ascribed to this term in the section headed “Events of Default”
Deferred Completion Payment	has the meaning ascribed to this term in the section headed “Consideration and Payment Terms for the Acquisition”
Deposited Property	all the assets of Yuexiu REIT, including the Existing Properties held in Yuexiu REIT’s portfolio and the assets of the WH Target Group after Completion
Development	has the meaning ascribed to this term in the section headed “Overview of the Acquisition”
Director(s)	director(s) of the Manager
DPU	distribution per Unit
Dragon Yield	Dragon Yield Holding Limited, a company incorporated in the British Virgin Islands and which is directly wholly-owned by Yuexiu Property
EGM	the extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice
EGM Notice	the notice included in the Circular in respect of the EGM to consider and, if thought fit, approve the Matters Requiring Approval
EGM Record Date	4 December 2017, being the date by reference to which the eligibility of the Unitholders to participate in the EGM will be determined

EIT Segregated Account	has the meaning ascribed to this term in the section headed “EIT Segregated Account”
EIT Withheld Amount	RMB44,224,087, less any PRC Enterprise Income Tax already paid in connection with the Reorganisation prior to Completion
Enlarged Group	Yuexiu REIT, including the WH Target Group
Existing Properties	the seven properties currently held by Yuexiu REIT as at the Latest Practicable Date as described in the annual report of Yuexiu REIT for the year ended 31 December 2016
Facility Transactions	has the meaning ascribed to this term in the section headed “Waiver for Connected Party Transactions in respect of the Vendor Facility”
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 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).
Guangzhou IFC	the real property known as “Guangzhou International Finance Centre” (廣州國際金融中心), located at No. 5 Zhujiang West Road, Tianhe District, Guangzhou, PRC
GZYY	Guangzhou Yuexiu Holdings Limited* (廣州越秀集團有限公司), a state-owned limited liability company incorporated in the PRC beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
HIBOR	the rate of interest offered on Hong Kong dollars loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year.
HK\$, HKD or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong

Hong Kong	The Hong Kong Special Administrative Region of the People’s Republic of China
Independent Board Committee	the independent committee established by the Board to advise the Independent Unitholders on the Matters Requiring Approval and the Vendor Facility, comprising Mr. CHAN Chi On, Derek, Mr. CHAN Chi Fai, Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou, being all of the INEDs
Independent Financial Adviser	Somerley Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Trustee on the Matters Requiring Approval and the Vendor Facility for the purpose of paragraph 10.10(p) of the REIT Code
Independent Property Valuer	Vigers Appraisal and Consulting Limited, being the principal valuer of Yuexiu REIT
Independent Unitholders	Unitholders other than those who have a material interest in the relevant resolutions, within the meaning of paragraph 8.11 of the REIT Code, and who are entitled to vote at the EGM
INED(s)	independent non-executive Director(s)
Initial Completion Payment	has the meaning ascribed to this term in the section headed “Consideration and Payment Terms for the Acquisition”
Interim Support Arrangement Shortfall	has the meaning ascribed to this term in the section headed “Support Arrangement relating to the Wuhan Property”
International Grade A	has the meaning ascribed to this term in Appendix 4 to the Circular headed “Market Consultant Report for the Wuhan Property Market”
Joint Decision Matters	has the meaning ascribed to this term in the section headed “Joint Decision Matters”

Joint Venture Agreement	the agreement in relation to WH Project Company to be entered into between WH Intermediary Company and WH Vendor Subsidiary upon Completion
JV Shareholders	being WH Intermediary Company and WH Vendor Subsidiary, the only registered shareholders of WH Project Company upon Completion, and “ JV Shareholder ” means any one of them
Latest Practicable Date	10 November 2017, being the latest practicable date prior to the printing of the Circular for the purpose of ascertaining certain information contained in the Circular
Lease CCTs	has the meaning ascribed to this term in the section headed “Lease CCTs”
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Manager	Yuexiu REIT Asset Management Limited (in its capacity as the manager of Yuexiu REIT), a company incorporated under the laws of Hong Kong
Matters Requiring Approval	the matters which require the approval of the Unitholders at the EGM being: (a) the Transaction Matters Requiring Approval; and (b) the CCPT Matters Requiring Approval
Market Consultant	Cushman & Wakefield
New Annual Caps	the proposed new annual cap amounts for the New Continuing Connected Party Transactions for the years ending 31 December 2018, 2019 and 2020 respectively, as set out in the section headed “New Annual Caps”
New Bank Facility	has the meaning ascribed to this term in the section headed “New Bank Facility”
New Continuing Connected Party Transactions	collectively, the Connected Leasing Transactions, the Connected PMAs and the Connected TSAs

New Property Management Agreement	has the meaning ascribed to this term in the section headed “New Property Management Agreement”
Non-Defaulter	the non-defaulting JV Shareholder after the occurrence of an event of default in relation to a JV Shareholder
Non-Defaulter’s Interest	has the meaning ascribed to this term in the section headed “Events of Default”
Non-Target Property	has the meaning ascribed to this term in the section headed “Pre-completion Disposal of Non-Target Property”
One-Off Fees and Charges	has the meaning ascribed to this term in the section headed “Fees and Charges Payable in relation to the Acquisition”
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
Plot B Retail Portion	has the meaning ascribed to this term in the section headed “Ownership”
PRC	The People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region
Proportionate WH Appraised Value	RMB2,403,290,000, being 67.0% of the WH Appraised Value
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
Relevant Tenants	has the meaning ascribed to this term in the section headed “Lease CCTs”

Reorganisation	has the meaning ascribed to this term in the section headed “Holding Structure of the Wuhan Property before Completion”
Residential Carpark Master Lease Agreement	has the meaning ascribed to this term in the section headed “Carpark Master Lease Agreements”
Residential Carpark Spaces	has the meaning ascribed to this term in the section headed “Overview of the Acquisition”
RMB	Renminbi, the official currency of the PRC
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Yue Xiu Tower	the real property known as “Yuexiu Tower” (越秀大廈), located at No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Street, Pudong New District, Shanghai, PRC
Shareholder Joint Decision Matters	has the meaning ascribed to this term in the section headed “Joint Decision Matters”
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
Subject Carpark Spaces	has the meaning ascribed to this term in the section headed “Submission in respect of ‘Majority Ownership and Control’ of the Wuhan Property (excluding the Subject Carpark Spaces) and the Subject Carpark Spaces”
Stock Exchange	The Stock Exchange of Hong Kong Limited
Support Arrangement	has the meaning ascribed to this term in the section headed “Support Arrangement relating to the Wuhan Property”

Tenancy Services Agreement	has the meaning ascribed to this term in the section headed “Tenancy Services Agreement”
Total Carpark Spaces	all the 3,188 underground carpark spaces located at the parcel of land where the Wuhan Property is situated
Transaction Matters Requiring Approval	the transaction matters which require the approval of the Unitholders at the EGM being: (a) the Acquisition and the consummation of the transactions contemplated under the Acquisition Deed; and (b) upon completion of the Acquisition, the execution of the Joint Venture Agreement and the consummation of the transactions contemplated thereunder
Trustee’s Acquisition Additional Fees	has the meaning ascribed to this term in the section headed “Fees and Charges Payable in relation to the Acquisition”
Trust Deed	the trust deed constituting Yuexiu REIT dated 7 December 2005 and entered into between the Trustee and the Manager, as 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
Unit	one undivided unit in Yuexiu REIT
Unitholder	any person registered as holding a Unit on the register of Unitholders
US\$, USD or US Dollars	United States dollars, the lawful currency of the United States of America
Vendor Facility	has the meaning ascribed to this term in the section headed “Vendor Facility”
WH Appraised Value	RMB3,587,000,000, being the value of the Wuhan Property as at 31 August 2017 as appraised by the Independent Property Valuer

WH Completion Statement	the statement of financial position of the WH Target Group as at the close of business on Completion Date, which will be prepared by WH Vendor and agreed by the Manager and, failing such agreement, audited by PricewaterhouseCoopers or such other auditors jointly appointed by WH Vendor and WH Purchaser
WH Conditions	has the meaning ascribed to this term in the section headed “Conditions Precedent under the Acquisition Deed”
WH Intermediary Company	Sure Win International Holdings Limited, a company incorporated in Hong Kong which will (after the Reorganisation) be the direct owner of a 67.0% interest in WH Project Company, which in turn owns the Wuhan Property
WH Loan	has the meaning ascribed to this term in the section headed “Holding structure of the Wuhan Property before Completion”
WH Long Stop Date	31 March 2018, or such other date as agreed by WH Purchaser and WH Vendor in writing
WH Pro Forma Completion Statement	the pro forma statement of financial position of the WH Target Group as at the close of business on Completion Date, to be delivered by WH Vendor at least four Business Days prior to the Completion Date
WH Project Company	Wuhan Yuexiu Property Development Limited* (武漢越秀地產開發有限公司), a company incorporated in PRC and the direct owner of the Wuhan Property
WH Purchaser	Yuexiu REIT 2017 Company Limited, a company incorporated in the British Virgin Islands and a SPV of Yuexiu REIT
WH Sale Shares	all of the issued shares of WH Target Company, representing the entire equity interest in WH Target Company

WH Target Company	Fully Cheer Management Limited, a company incorporated in the British Virgin Islands which will (after the Reorganisation) be the indirect owner of a 67.0% interest in WH Project Company, which in turn owns the Wuhan Property
WH Target Group	collectively, WH Target Company, WH Intermediary Company and 67.0% of WH Project Company
WH Target Group Adjusted NAV	has the meaning ascribed to this term in the section headed “Consideration and Payment Terms for the Acquisition”
WH True-up Payment	has the meaning ascribed to this term in the section headed “Consideration and Payment Terms for the Acquisition”
WH Vendor	Guangzhou Construction & Development Holdings (China) Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Yuexiu Property
WH Vendor Subsidiary	Extra Act Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Yuexiu Property
Wuhan Property	the property subject of the Acquisition, particulars of which have been provided in the section headed “Key Information of the Wuhan Property”
Yicheng Wuhan Branch	Guangzhou Yicheng Property Management Co., Limited Wuhan Branch* (廣州怡城物業管理有限公司武漢分公司), the Wuhan branch of Guangzhou Yicheng Property Management Ltd* (廣州怡城物業管理有限公司), which is a limited liability company established in the PRC indirectly owned as to 99.28% 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 Connected Persons Group	collectively, (i) the Yuexiu Holders; (ii) associates of the Yuexiu Holders; and (iii) entities or persons which are from time to time connected persons of Yuexiu REIT as a result of their connection with the Yuexiu Holders
Yuexiu Holders	subsidiaries of GZYY that are significant holders
Yuexiu Group	collectively, Yuexiu Property and its subsidiaries
Yuexiu Property	Yuexiu Property Company Limited, 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)
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

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, 14 November 2017

As at the date of this announcement, the board of directors of the Manager is comprised as follows:

Executive Directors: 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 Derek, Mr. CHAN Chi Fai Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou

** for identification purposes only*