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越秀房地產投資信託基金
GZI Real Estate Investment Trust

(Stock Code: 405)

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

Managed by



越秀房託資產管理有限公司
GZI REIT Asset Management Limited

ANNOUNCEMENT
DISCLOSEABLE AND CONNECTED TRANSACTIONS

- (I) CHANGE IN INVESTMENT POLICY AND OBJECTIVES AS TO THE GEOGRAPHICAL SCOPE OF THE INVESTMENT AND PROPOSED AMENDMENTS TO THE TRUST DEED**
- (II) CONNECTED PARTY TRANSACTIONS IN RELATION TO THE PROPOSED ACQUISITION OF THE NEW PROPERTY AND THE ISSUE OF CONSIDERATION UNITS**
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Financial Adviser to the Manager



CHANGE IN INVESTMENT POLICY AND OBJECTIVES AS TO THE GEOGRAPHICAL SCOPE OF THE INVESTMENT AND PROPOSED AMENDMENTS TO THE TRUST DEED

Expansion of geographical scope

The Board is pleased to announce that to cope with the strategic plan of GZI REIT to acquire properties to grow its businesses and expand its operations into other markets, the Manager is proposing to change the investment policy and objective of GZI REIT in relation to its geographical scope from investment initially in real estate in Guangdong province to permit investment in real estate in the PRC (including Hong Kong and Macau).

Amendments to the Trust Deed

The Board also wishes to announce that the Manager is proposing to make certain amendments to the Trust Deed.

The principal purposes of the amendments to the Trust Deed are: (i) to clarify the manner of application of the general mandate provisions to cater for the possible issue by GZI REIT (or any companies controlled by it) of Convertible Instruments and to allow the Manager to issue Units or Convertible Instruments to Connected Persons (as defined in the Trust Deed), without requiring Unitholders' approval, in certain specified circumstances including in connection with placing and top-up subscription transactions; (ii) to amend certain provisions relating to the mechanism for determining the issue price of new units in GZI REIT; (iii) to make certain amendments to clarify the procedures for appointing proxies in relation to meetings of Unitholders; (iv) to amend certain provisions relating to the layers of special purpose vehicles owned or to be owned by GZI REIT; (v) to add provisions relating to remuneration of the Manager that may be paid in the form of Units and to clarify the mechanism and timing for determining the issue price of new Units issued to the Manager in satisfaction of the relevant portion of the Manager's remuneration to be paid in the form of Units; (vi) to add a provision to allow the Trustee to charge additional fees in special circumstances; (vii) to clarify that the Auditor (as defined in the Trust Deed) shall review and check the arithmetic accuracy of the Total Distribution Amount (as defined in the Trust Deed) for the Distribution Period (as defined in the Trust Deed); (viii) to clarify items to be excluded for the calculation of leverage ratio; (ix) to extend or clarify the definition of "Expenses" (as defined in the Trust Deed) to cover expenses arising out of the advertising or promotional activities in relation to GZI REIT and to provide for public relations-related expenses to be payable out of the assets of GZI REIT; (x) to add and to amend certain definitions; and (xi) to update the Trust Deed in line with market practice.

CONNECTED PARTY TRANSACTIONS IN RELATION TO THE PROPOSED ACQUISITION OF THE NEW PROPERTY AND THE ISSUE OF CONSIDERATION UNITS

The Board is pleased to announce that pursuant to the Deed of Right of First Refusal, on 14 January 2008, the Vendor, the Guarantor, the Purchaser (i.e. the Trustee in its capacity as trustee of GZI REIT) and the Manager entered into the Agreement in relation to the Transactions to acquire the entire issued share capital of and Shareholder Loans in relation to the BVI Company which together with the Domestic JV Partner, holds the Property Company, which in turn holds the New Property (namely, approximately 72.3% (based on Total Floor Area) of Yue Xiu Neo Metropolis Plaza, Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258, Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, The PRC).

The Acquisition Value is approximately HK\$677.3 million (or approximately HK\$10,931 per sq.m. based on the Total Floor Area of approximately 61,964.34 sq.m.). The Purchase Consideration payable upon Completion will be satisfied as follows:

- (a) as to approximately HK\$203.2 million by way of issue and allotment of the Consideration Units at a price of HK\$3.08 per Unit to the Vendor or its nominated person, and
- (b) the remaining balance will be satisfied in cash, which the Manager intends to be funded by the proceeds from the issue of the Proposed Convertible Bonds. Subject to prevailing market conditions, the Manager may obtain other sources of financing as a contingency to satisfy part or all of the consideration for the Acquisition in lieu of or in addition to the issuance of the Proposed Convertible Bonds.

As at the date of this announcement, the Guarantor through Dragon Yield holds an aggregate indirect interest in 313,280,495 Units, representing approximately 31.3% of the total number of Units in issue. In addition, the Guarantor also holds a 100% indirect interest in the Vendor and a 100% direct interest in the Manager. Under Chapter 8 of the REIT Code, the Guarantor and the Vendor are regarded as a significant holder and a connected party respectively and the Transactions among those parties and GZI REIT constitute discloseable and connected party transactions under the REIT Code.

Pursuant to the REIT Code and the Trust Deed, the Transactions will require Unitholders' approval by way of an Ordinary Resolution. GZI has agreed that it will abstain, and will procure each of the GZI Associates to abstain, from voting on the Ordinary Resolution to approve the Transactions.

An application will be made for the listing of, and permission to deal in, the Consideration Units and where applicable, the Proposed Convertible Bonds and the new Units to be issued upon conversion of the Proposed Convertible Bonds on the Main Board. The Transactions are more particularly set out below.

CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS

The Board seeks to (i) increase the annual caps for certain continuing connected party transactions; and (ii) extend the relevant waivers beyond the Initial Waiver Period (as defined in the IPO Offering Circular). The proposed changes are more particularly set out below.

CIRCULAR AND EGM

A Circular containing, among other things: (1) a letter from the Board to Unitholders containing details of the proposed amendments to the Trust Deed, the Transactions, certain continuing connected party transactions and other related matters; (2) a letter from the Independent Board Committee to Unitholders; (3) a letter from an independent financial adviser containing its advice to the Independent Board Committee and the independent Unitholders in respect of the voting on the Transactions, certain continuing connected party transaction and any related matters; (4) the Independent Property Valuer's New Property Valuation Report; and (5) the EGM Notice, will be sent to the Unitholders as soon as practicable.

The Manager will make further announcements to inform Unitholders about details of the EGM.

As completion of the Acquisition is subject to the Conditions, which may or may not be fulfilled, Unitholders and prospective investors are advised to exercise caution when dealing in the Units.

RESUMPTION OF TRADING

At the request of the Manager, trading in the Units on the Hong Kong Stock Exchange was suspended with effect from 9:30 a.m. on 14 January 2008. Application has been made for the resumption of trading of the Units on the Hong Kong Stock Exchange at 9:30 a.m. on 15 January 2008.

(I) CHANGE IN INVESTMENT POLICY AND OBJECTIVES AS TO THE GEOGRAPHICAL SCOPE OF THE INVESTMENT AND PROPOSED AMENDMENTS TO THE TRUST DEED

Expansion of geographical scope

The Board is pleased to announce that to cope with the strategic plan of GZI REIT to acquire properties to grow its businesses and expand its operations into other markets, the Manager is proposing to change the investment policy and objective of GZI REIT in relation to its geographical scope from investments initially in real estate in Guangdong province to permit investment in real estate in the PRC (including Hong Kong and Macau).

Subject to obtaining of Unitholders' approval, the Manager may from time to time consider investments in real estate in the PRC (including Hong Kong and Macau).

Amendments to the Trust Deed

The principal purposes of the amendments to the Trust Deed are: (i) to clarify the manner of application of the general mandate provisions to cater for the possible issue by GZI REIT (or any companies controlled by it) of Convertible Instruments and to allow the Manager to issue Units or Convertible Instruments to Connected Persons (as defined in the Trust Deed), without requiring Unitholders' approval, in certain specified circumstances including in connection with placing and top-up subscription transactions; (ii) to amend certain provisions relating to the mechanism for determining the issue price of new units in GZI REIT; (iii) to make certain amendments to clarify the procedures for appointing proxies in relation to meetings of Unitholders; (iv) to amend certain provisions relating to the layers of special purpose vehicles owned or to be owned by GZI REIT; (v) to add provisions relating to remuneration of the Manager that may be paid in the form of Units and to clarify the mechanism and timing for determining the issue price of new Units issued to the Manager in satisfaction of the relevant portion of the Manager's remuneration to be paid in the form of Units; (vi) to add a provision to allow the Trustee to charge additional fees in exceptional circumstances; (vii) to clarify that the Auditor (as defined in the Trust Deed) shall review and check the arithmetic accuracy of the Total Distribution Amount (as defined in the Trust Deed) for the Distribution Period (as defined in the Trust Deed); (viii) to clarify items to be excluded for the calculation of leverage ratio; (ix) to extend or clarify the definition of "Expenses" (as defined in the Trust Deed) to cover expenses arising out of the advertising or promotional activities in relation to GZI REIT and to provide for public relations-related expenses to be payable out of the assets of GZI REIT; (x) to add and to amend certain definitions; and (xi) to update the Trust Deed in line with market practice.

The proposed amendments will be considered in the EGM for Unitholders' approval by way of Special Resolutions. The Unitholders are reminded that Paragraph 9.9(f) of the REIT Code provides that where a Unitholder has a material interest in the transaction 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 transaction tabled for approval at a general meeting of GZI REIT, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting its Units or being counted in the quorum for the general meeting.

To the best of the Manager's knowledge, belief and information available to the Manager as at the date of this announcement, after having made reasonable enquiries, the Manager takes the view that no Unitholder is required to abstain from voting at the EGM in respect of the proposed expansion of geographical scope or proposed amendments to the Trust Deed.

Subject to the obtaining of the necessary Unitholders' approval, the Manager may from time to time consider the possibility of GZI REIT issuing Convertible Instruments as a means of raising capital for its business activities, including for the funding of other acquisitions, such as the issue of the Proposed Convertible Bonds. If a decision is made for GZI REIT to issue the Proposed Convertible Bonds at Completion or to issue any Convertible Instruments and/or to acquire any real estate in the future, GZI REIT will comply with the relevant requirements of the REIT Code and other applicable laws and regulations in connection therewith.

(II) CONNECTED PARTY TRANSACTIONS IN RELATION TO THE PROPOSED ACQUISITION OF THE NEW PROPERTY AND THE ISSUE OF CONSIDERATION UNITS

The Board is pleased to announce the Transactions, details of which are set out below:

1. THE AGREEMENT

(a) Date

GZI executed the Deed of Right of First Refusal in favour of the Trustee and the Manager under which GZI REIT was granted a right of first refusal to acquire certain properties (including the New Property) in accordance with the term and conditions therein. Notice of the proposed offer for sale of the New Property was given to GZI REIT on 20 November 2007 pursuant to the Deed of Right of First Refusal. After due consideration and based on advice prepared by the Property Adviser, the Manager has decided to pursue the Acquisition.

On 14 January 2008, the Vendor, the Guarantor, the Manager and the Purchaser (i.e the Trustee in its capacity as trustee of GZI REIT) entered into the Agreement pursuant to which the Purchaser has agreed to acquire the entire issued share capital and Shareholder Loans of the BVI Company which, together with the Domestic JV Partner, holds the Property Company which in turn holds the New Property.

(b) Parties

Vendor : Guangzhou Investment (China Property) Company Limited, an indirectly wholly-owned subsidiary of GZI.

Purchaser : The Trustee, as trustee of GZI REIT.

Guarantor : GZI, as guarantor of the Vendor's obligations and performance under the Agreement.

Manager : The Manager, a wholly-owned subsidiary of GZI.

(c) **BVI Company**

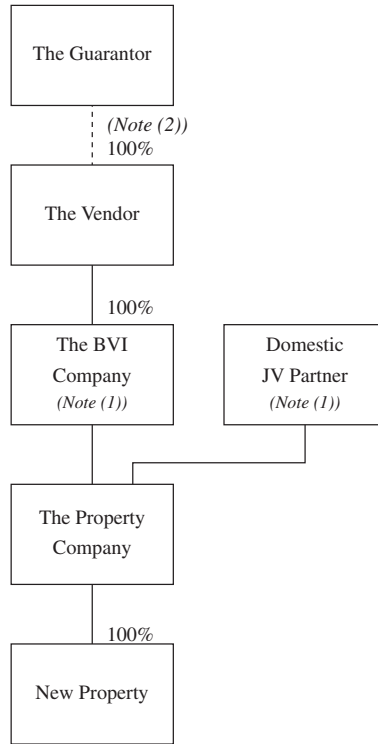
Metrogold Development Limited, which is a company incorporated in British Virgin Islands solely for the purpose of holding the Property Company. The unaudited net profit (before and after tax) of the BVI Company for the 9 month period ended 30 September 2007 were approximately HK\$144.2 million and HK\$119.6 million respectively.

(d) **Property Company**

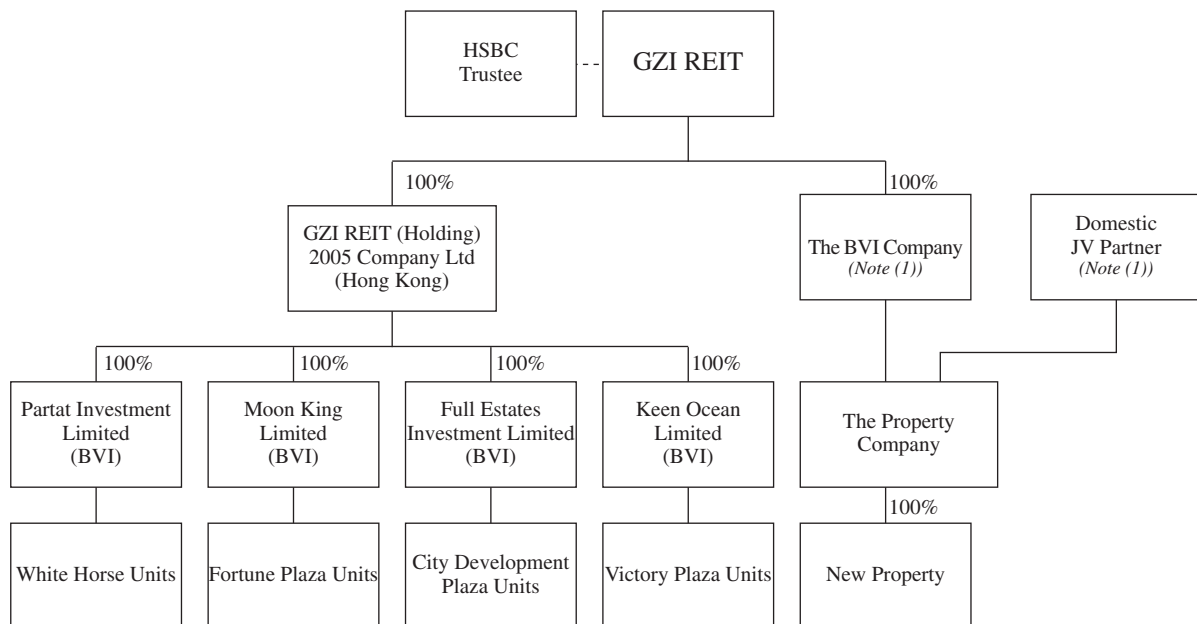
Guangzhou Jieyacheng Properties Co., Ltd., which is a sino-foreign co-operative joint venture established in the PRC with an approved business term extended from 24 January 2011 to 24 January 2031, formed solely for the purpose of holding and developing the New Property. The Property Company is the sole registered and legal and beneficial owner of the New Property with good marketable legal and beneficial title. Pursuant to the transfer agreement relating to the restructuring or shareholding change exercise relating to the Property Company approved by the Development and Reform Commission and Foreign Trade and Economic Cooperation Bureau of Guangzhou, (i) the predecessor of the Domestic JV Partner has obtained all its economic benefit entitlements under the co-operative contract in relation to the Property Company and has accordingly legally designated the right to receive dividends and distribution in relation to the Property Company to the BVI Company; (ii) the Domestic JV Partner has given an irrevocable undertaking in favour of the BVI Company to vote in accordance with the BVI Company's direction.

(e) Structure diagram

(i) *Set out below is a structure diagram of the New Property before Completion*



(ii) *Set out below is a structure diagram of GZI REIT after Completion*



Note (1): Pursuant to a restructuring exercise (i) the predecessor of the Domestic JV Partner has legally designated the right to receive dividends and distribution in relation to the Property Company to the BVI Company; (ii) the Domestic JV Partner has given an irrevocable undertaking in favour of the BVI Company to vote in accordance with the BVI Company's direction.

Note (2): The Guarantor holds a 100% indirect interest in the Vendor.

(f) Assets Involved

The New Property, represents approximately 72.3% (based on Total Floor Area) of Yue Xiu Neo Metropolis Plaza, is a newly completed development located at Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258, Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, the PRC. The remaining 27.7% (based on Total Floor Area) of the Building is owned by individual third parties, which are not connected persons of GZI REIT.

With its direct connection to the Ximenkou (西門口) underground metro station and close proximity to the Guangzhou urban area, the New Property is well-positioned to capitalize on the future growth of Guangzhou's growing office and retail market.

The New Property comprises basement 1, ground floor to 4th floor of a commercial podium, a clubhouse on the 6th floor and a 18-storey office building with a 2-storey basement carparking spaces. The Total Floor Area and Gross Rentable Area of the New Property are set out below:-

Use	Total Floor Area (sq. m.)	Gross Rentable Area (sq. m.)
Commercial (Basement 1 — 4th Floor)	15,445.50	15,445.50
Office (5th Floor — 23rd Floor) excluding a clubhouse on the 6th Floor	34,441.75	34,441.75
Carparking spaces (Basement 2 — Basement 3) (Note (1)), (Note (2))	7,549.03	—
Others (including clubhouse and common facilities area) (Note (3))	<u>4,528.06</u>	<u>—</u>
Total	<u>61,964.34</u>	<u>49,887.25</u>

As at 31 October 2007, the occupancy rate of the New Property (excluding the carparking spaces) was approximately 75.1% with 60 tenants.

Note (1): The total floor area of the carparking spaces is approximately 7,621 sq.m. including approximately 72 sq.m. to be distributed to the predecessor of the Domestic JV Partner.

Note (2): The area of carparking spaces has not been included in the calculation of Gross Rental Area of the New Property. As at the date of this announcement, there are a total of 106 carparking spaces available for rental purpose.

Note (3): Until a land premium is paid to the Guangzhou Administrative Bureau for Land Resources and Housing to change the relevant usage, the clubhouse and common facilities area should remain common facilities / areas and the Property Company holding such facilities / areas is not able to transfer or mortgage them. Change in control of the Property Company will not affect the Property Company's right and interest in relation to such facilities / areas.

(g) Property Valuation

The Appraised Value of the New Property is RMB685,000,000 (or approximately HK\$706,185,567).

(h) Purchase Consideration

The Acquisition Value which constitutes 13.9% of the unaudited total asset value of GZI REIT as at 30 June 2007 was determined after arm's length negotiations between the parties with reference to the Independent Property Valuer's New Property Valuation Report which represents a 4.1% discount to the Appraised Value of the New Property. The Purchase Consideration payable upon Completion (subject to adjustment as set out below) and the Manager's share of expenses incurred in the Transactions (The estimated expenses incurred in the Transactions of approximately HK\$22 million will be borne by the Vendor and the Manager (acting in its capacity as manager of GZI REIT and paying out of the assets of GZI REIT) in equal shares) will be satisfied in the manner set out below:

(i) as to approximately HK\$203.2 million, by way of the issue and allotment of the Consideration Units to the Vendor or its nominated person upon Completion;

- (ii) as to the remaining balance by way of payment in cash to the Vendor upon Completion.

Pursuant to the Agreement, adjustment payment reflecting, inter alia, the difference between the combined net assets of the BVI Company and the Property Company as at 30 September 2007 and as at the Completion, will be made in accordance with the auditor's adjustment statement to be produced no later than 104 days from the date of Completion.

(i) **Completion**

Subject to the provisions of the Agreement and the fulfilment of the Conditions, Completion shall take place on a date to be specified in a notification notice from the Manager to the Vendor at least five (5) Business Days before such date, or such other date as the parties may mutually agree but in any event being a date no later than the Long Stop Date. The Manager will make further announcement of the Completion as soon as practicable after the Completion has taken place.

(j) **Conditions Precedent**

Completion is subject to and conditional upon satisfaction of certain Conditions (including but not limited to the following):

- (i) the obtaining of approval of the Unitholders in respect of the Transactions as "connected party transactions" in accordance with the REIT Code;
- (ii) the obtaining of all necessary corporate and regulatory approvals for and in respect of the Transactions including, without limitation, those required under the REIT Code and the Listing Rules including, without limitation, the granting of approval for the listing of, and permission to deal, in the Consideration Units;
- (iii) satisfactory due diligence to be carried out by the Purchaser (acting through the Manager as well as its professional advisers) on the New Property (including the Tenancy Agreements (as defined in the Agreement)) and the BVI Company and the Property Company in accordance with the REIT Code and the compliance manual of the Manager, including but not limited to, a good, marketable, legal and beneficial title to the New Property having been shown by the Vendor;

- (iv) the obtaining of a valuation report of the New Property to be prepared by the Independent Property Valuer in accordance with the REIT Code;
- (v) the obtaining of financing for the Acquisition on market terms and such other terms as are satisfactory to the Purchaser and (where applicable) all requisite consents and/or approvals for the Transactions as shall be required by the trustee of the Proposed Convertible Bonds;
- (vi) the obtaining of the requisite consents and/or approvals for the amendments of the Trust Deed from the relevant lenders; and
- (vii) the obtaining of the requisite consents and /or approval (if any) in relation to the restructuring or shareholding change of the Property Company, including, without limitation, the approvals of the Development and Reform Commission and Foreign Trade and Economic Cooperation Bureau of Guangzhou and completion of the relevant registration procedures and such other consents and/or approval as may be required under any relevant ordinance, statute, enactment, law or regulation and shall include orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision.

Pursuant to the Agreement, the Purchaser may in its sole discretion waive in writing in whole or in part all or any of the Conditions. The Manager currently intends to issue the Proposed Convertible Bonds (with the terms and conditions yet to be finalized) pursuant to the power of the Manager to issue Units pursuant to Paragraph 12.2 of the REIT Code and Clause 7.5 of the revised Trust Deed (if approved) to fund part of the consideration for the Acquisition and the expenses incurred in the Transactions. The completion of the Proposed Convertible Bonds is not a condition precedent to the Acquisition, however as mentioned above in paragraph 1(j), the Acquisition is conditional upon, among other things, the Financing Condition being satisfied.

Subject to prevailing market conditions and the estimated cost involved, the Manager may obtain other sources of financing (for example, banking facilities) as a contingency to satisfy part or all of the consideration for the Acquisition in lieu of or in addition to the issuance of the Proposed Convertible Bonds but such other sources of financing may be more expensive than the Proposed Convertible Bonds.

If the Conditions are not satisfied or waived by the Purchaser on or before the Long Stop Date (which date may be extended by the parties to the Agreement), save for any claim arising from breach of undertaking and the costs relating to the Transactions as provided in the Agreement, the Agreement shall lapse and no party shall have any claim against any other party to the Agreement. Pursuant to the Deed of Right of First Refusal, if the sale and purchase is not completed in accordance with the Agreement, GZI may, at its election, have the right either:

- (i) to sell the New Property to any third party within 12 calendar months after the lapse event, at a price and on such terms in accordance with the Deed of Right of First Refusal; or
- (ii) to retain the New Property for investment purposes.

(k) Arm's Length Terms

The Agreement was entered into by the parties thereto on normal commercial terms following arm's length negotiations.

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the New Property carried out in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual, including but not limited to, being satisfied that it will obtain a title report from the Manager's PRC counsel for the Acquisition that GZI REIT will hold good marketable legal and beneficial title to the New Property upon Completion.

(l) Other Issues

(i) Unsettled Land Premium

According to implementing rules promulgated by Guangzhou Municipal People's Government and two supplemental agreements entered into between the Property Company and Guangzhou Administrative Bureau for Land Resources and Housing ("LAHO"), payment of land premium in relation to the use of basement floors and parts of the common facilities and areas of the Building has been deferred. To indemnify the Purchaser from Losses (as defined in the Agreement) which it may suffer as a result of or in connection with such unsettled land premium, the Guarantor will enter into a deed of indemnity upon Completion in favour of the Purchaser. The maximum aggregate liability of the Guarantor under the said deed of indemnity and the Agreement (other

than Losses which the Purchaser and/or the Manager may suffer as a result of or in connection with deferred taxation relating to the New Property and other items specified in the Agreement) shall not exceed the Acquisition Value and no claim shall be brought by the Purchaser and/or the Manager for the said Losses unless written notice of such claim has been given to the Guarantor on or before the expiry of the period of 6 years following the date of Completion.

(ii) Civil Defence Shelter

As required under the PRC laws and regulations, there is a civil defence shelter in the New Property with an aggregate Gross Floor Area of approximately 3,921 sq.m. According to the PRC legal opinion provided by the Manager's PRC counsel,

(aa) although relevant laws and regulations have not stated clearly whether the ownership of the civil defence shelter belongs to the government or the developer, considering a Property Ownership Certificate of civil defence shelter was issued by LAHO to the Property Company, the ownership of the civil defence shelter belongs to the Property Company;

(bb) the Property Company leased the civil defence shelter to 廣州城建開發宏城車場物業管理有限公司 ("the Tenant"), and the Tenant has obtained a permit to use the civil defence shelter, for purposes of carparking spaces, for the period from 3 December 2007 to 3 December 2010;

(cc) upon expiry of the term under item (bb), application should be made to Guangzhou civil defence shelter administration authority to renew the relevant term;

(dd) notwithstanding items (aa) and (cc), the Property Company has the right to lease the relevant area to tenant(s) for carparking spaces and/or to transfer its interest and rights in relation to the civil defence shelter to other entity(ies) according to the relevant PRC laws and regulations.

(iii) Deferred Taxation relating to the New Property

To indemnify the Purchaser from Losses (as defined in the Agreement) which it may suffer as a result or in connection with tax claim or liability in respect of profit resulting from any sale or deemed sale of

the Property or the shares of the BVI Company and/or the Property Company charged or levied by any taxation authority in the PRC, the Guarantor will enter into a deed of indemnity upon Completion in favour of the Purchaser. There is no minimum or maximum threshold to such indemnity provided that (aa) the Guarantor shall not be liable for that part of the deferred taxation attributable to the Property Company disposing of the New Property at a consideration higher than the Acquisition Value; (bb) no claim shall be brought by the Purchaser and/or the Manager for the tax claim unless written notice of such claim has been given to the Guarantor on or before the expiry of the period of 6 years following the date of Completion.

2. FINANCING FOR THE ACQUISITION

(a) Consideration Units

As mentioned in the paragraph headed “Purchase Consideration” above in this announcement, approximately HK\$203.2 million, being part of the Purchase Consideration payable upon Completion, will be satisfied by way of the issue and allotment of the Consideration Units. The Consideration Units will, upon issue, be credited as fully paid, free from all encumbrances and rank *pari passu* in all respects with the existing Units. The issue price of HK\$3.08 per Consideration Unit represents the Market Price, which also represents:

- (i) the closing price of HK\$3.08 per Unit as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) the average closing price of HK\$3.08 per Unit as quoted on the Hong Kong Stock Exchange for the 10 Trading Days up to and including the Last Trading Day, and
- (iii) a discount of approximately 7.8% to the unaudited consolidated net asset value per Unit as at 30 June 2007 of HK\$3.34.

The Consideration Units represent (i) 6.6% of GZI REIT’s Unit base as at the Last Trading Day, (ii) 6.2% of GZI REIT’s Unit base as enlarged by the Consideration Units and (iii) 5.5% of GZI REIT’s Unit base as enlarged by the maximum number for new Units pursuant to the General Mandate. The Consideration Units are not subject to any lock up or any restrictions from disposal.

Immediately after the issue and allotment of the Consideration Units, GZI's unitholding in GZI REIT will increase to 35.6% from 31.3%, while other Unitholders' interest in GZI REIT will be reduced from 68.7% to 64.4%, assuming no additional Units will be issued and without taking into account the potential dilution impact as a result of the issue of the Proposed Convertible Bonds which will be issued under the General Mandate.

Application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Consideration Units on the Main Board.

(b) Cash Consideration

The balance of consideration for the Acquisition, together with the expenses incurred in the Transactions, will be satisfied in cash and funded by the proceeds from the issue of the Proposed Convertible Bonds and/or other sources of financing.

If the Proposed Convertible Bonds are issued, application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Proposed Convertible Bonds and the Units to be issued upon conversion of the Proposed Convertible Bonds and a separate announcement will be made to the Unitholders.

3. REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Manager believes that the Acquisition is in line with its objectives and acquisition growth strategy and will bring about a number of benefits as outlined below.

(a) The Acquisition is in line with the Manager's strategy to enhance yields and net asset growth

The Acquisition is in line with the Manager's acquisition strategy to invest in high quality income-producing office and commercial property assets that provide attractive yields (taking into account of the proposed financing) and the potential for net asset growth. On Completion, the Gross Rentable Area of GZI REIT's portfolio will be increased by approximately 31% from 160,145 sq.m. to 210,032 sq. m. (excluding the carparking spaces).

(b) The Acquisition Value for the BVI Company is priced at a discount to the Appraised Value

The Acquisition Value for the BVI Company is priced at a 4.1% discount to the Appraised Value. This is compared with the initial consideration and the appraised value of the Existing Properties of HK\$4,014 million and HK\$4,005 million as disclosed in the IPO Offering Circular.

(c) Further diversification of tenant base with stable and growing rentals

The Manager will endeavor to increase the property yield of GZI REIT's property portfolio and correspondingly, the net asset value per Unit by actively managing the portfolio. The proposed Acquisition is expected to further diversify the tenant profile and rental mix of GZI REIT. A significant portion of the tenancies consist of major international and domestic tenants such as E-go Digital World, Ping An Insurance, GOME Electric Appliance, Bank of China and Fairwood Fast Food (See the paragraph headed "10 Largest Tenants in terms of Total Monthly Base Rent" in this announcement). Certain rentable areas are let out under long leases which help to ensure stable cash flow. A majority of the long leases also contain provisions for upside in rental revenues through step-ups in the base rent (See the paragraph headed "Leases Expiry Profile" in the section headed "Information on the New Property" in this announcement).

(d) Upside potential for increase in occupancy rate

According to the 2007 interim report of GZI REIT, the overall occupancy rate of the Existing Properties is 98%. According to the valuation report of the New Property prepared by the Independent Property Valuer, the current occupancy rate for the New Property (excluding the carparking spaces) was 75.1% as at 31 October 2007 (based on leased Gross Rental Area in sq. m.). Leveraging on the prime location of the Building as well as its good access to major roads and public transportation facilities, the Manager will endeavour to optimize rental and occupancy rates of the New Property through actively managing new lease opportunities, maximize tenancy retention and other proactive asset management initiatives. As the Building is a newly completed development, the Manager expects that there is still potential for growth in rental income if the occupancy rate of the New Property was to reach the level of the Existing Properties.

(e) Unity of the New Property

The New Property has a Total Floor Area of approximately 61,964.34 sq. m. which represents approximately 72.3% of the Total Floor Area of the Building. GZI REIT will effectively be the single largest landlord in the Building. The remaining units of the Building are owned by individual third parties which are not connected persons of GZI REIT.

(f) The New Property currently enjoys some tax breaks

Effective from 30 September 2007, the Property Company would enjoy three (3) years of full exemption from URET.

(g) Opportunity to expand GZI REIT's investment portfolio

Since the listing of GZI REIT, the Manager has carried out market studies and analysis on certain commercial and office projects with a view to explore and assess acquisition opportunities. At the same time, the Manager is also paying close attention to a series of policies and measures introduced by the PRC Government which are intended to cool down the heated property market. GZI REIT is the first PRC pure-play REIT in Hong Kong, the Manager has established a long-term aspiration in its investment objective. Upon Completion, GZI REIT will have completed all the requisite approvals and licenses.

(h) Increased exposure to the growing Guangzhou office and retail market

According to Guangzhou Statistics Bureau, gross domestic product of Guangzhou in the nine-months period ended 30 September 2007 was approximately RMB500 billion, which is approximately 14.5% higher than the corresponding period in 2006. According to the Independent Property Valuer, office rental in Guangzhou has increased by about 15% year-on-year in the third quarter of 2007. Currently, GZI REIT owns 4 properties in the key commercial districts in Guangzhou. With the acquisition of the strategically located New Property, GZI REIT's presence in Guangzhou's office/retail market will be further enhanced.

4. FINANCIAL EFFECTS OF THE ACQUISITION

(a) Leverage Ratio

Based on the unaudited interim condensed financial statements of GZI REIT as at 30 June 2007 and the latest available unaudited accounts of the BVI Company as at 30 September 2007, immediately upon completion of the Acquisition and assuming the consideration for the Acquisition (if without adjustment) of approximately HK\$677.3 million will be financed by way of issuing Consideration Units for approximately HK\$203.2 million and issuing of the Proposed Convertible Bonds or other borrowings for approximately HK\$474.1 million, the Manager anticipates that

- the fair value of the assets of GZI REIT will increase from HK\$4,862 million to approximately HK\$5,792 million
- the fair value of the borrowings of GZI REIT will increase from HK\$1,285 million to approximately HK\$1,759 million¹
- the leverage ratio of GZI REIT will increase from approximately 26.4% to approximately 30.4%

¹ For the avoidance of doubt, net assets attributable to Unitholders are not parts of and have not been included in the total borrowings.

Upon completion of the Acquisition, the identifiable assets and liabilities of the BVI Company will be accounted for in the consolidated financial statements of GZI REIT at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard 3 “Business Combination”.

GZI REIT will assess the fair value of the identifiable assets and liabilities of the BVI Company at Completion. The amounts of the fair value of the assets and liabilities of the BVI Company at Completion may be different from the amounts as presented above.

In addition, in light of the current rental income of the New Property and the condition in the property market in Guangzhou and the potential of the New Property benefiting from the improved occupancy, the Manager believes that the Acquisition will contribute to the total distribution of GZI REIT but the quantification of such impact will depend on the future performance of the New Property.

(b) Distribution may comprise a partial payment of inter-company loan(s) due from the Property Company to the BVI Company

The repatriation of income from the New Property may be in the form of dividends, interest received and/or repayment of an inter-company loan

from the Property Company to the BVI Company. Based on the current PRC accounting standards, depreciation of properties is a mandatory expense at the Property Company level when determining the net profits from operations that would be available for distribution. In addition, according to PRC laws, the Property Company shall contribute statutory common reserve fund which is 10% of its profits after tax. These effectively trap cash in the Property Company. However, under the Hong Kong Financial Reporting Standards (“HKFRS”), the New Property is regarded as an investment property carried at valuation and hence is not depreciated. Accordingly, such depreciation will be reversed under the HKFRS and not accounted for when determining the net profits of the BVI Company. To distribute this portion, there is a need to extract the cash that is trapped in the Property Company in the form of depreciation expense and contribution to statutory common reserve fund. Hence a principal repayment of the inter-company loan will be made as and when necessary from the Property Company to the BVI Company. As at the date of this announcement, there is an inter-company loan of HK\$138 million (with no fixed repayment terms and part of it bears interest of HIBOR plus 1% per annum) due from the Property Company to the BVI Company. Through these arrangements, assuming that (i) conversion of the inter-company loan of HK\$138 million to RMB is duly and fully completed; and (ii) there is no change in the PRC accounting standards, until the principal amount of the inter-company loan is fully repaid (it is estimated that the inter-company loan will be paid off in approximately eight (8) years), the distribution payment to Unitholders will not be affected by the aforementioned trapped cash in the PRC. If the conversion of the inter-company loan of HK\$138 million into RMB cannot be completed before the date of Completion, the Property Company may repay the unconverted part of the inter-company loan in HK Dollars on or before the date of Completion. In which event, the number of years required to fully repay the balance of the principal amount of the inter-company loan will be shorter than the aforesaid eight (8) years. If there is a change of PRC accounting standards so that the New Property is regarded as an investment property and is not depreciated, cash will not be trapped in the Property Company in the form of depreciation expense but given the tax effect of the matter, the total distributable income available for distribution may be reduced.

5. INFORMATION ON THE NEW PROPERTY

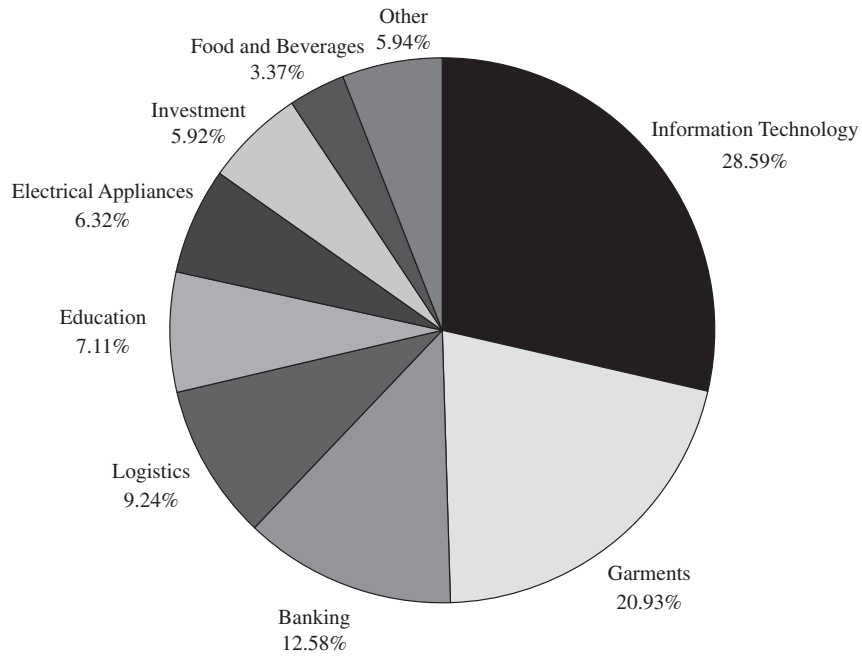
The table below sets out certain key information relating to the New Property:

New Property	
Address	Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258, Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, the PRC.
Date of Completion	28 April 2007
Occupancy Rate	75.1% as at 31 October 2007 (based on leased Gross Rentable Area in sq.m.) excluding the carparking spaces
Number of carparking spaces	106
Total Floor Area (excluding the carparking spaces)	54,415.31 sq.m.
Gross Rentable Area (excluding 7,549.03 sq.m. carparking spaces and 4,528.06 sq.m. in clubhouse and common facilities area)	49,887.25 sq.m.
Acquisition Value of the BVI Company and the Shareholder Loans	Approximately HK\$677.3 million (or approximately HK\$10,931 per sq.m.), based on the Total Floor Area of approximately 61,964.34 sq.m.
Ownership holding of GZI REIT in the Building	Approximately 72.3% of the total floor area of the Building of approximately 85,750.76 sq.m.
Term of land use right	Commercial — 40 years commencing from 22 November 2005 Office — 50 years commencing from 22 November 2005 Carparking spaces — 50 years commencing from 22 November 2005

New Property	
Appraised Value (As at 31 October 2007)	RMB685 million (or approximately HK\$706.2 million) (or HK\$11,396 per sq.m.), based on the Total Floor Area of approximately 61,964.34 sq.m.
Number of Tenants (As at 31 October 2007)	60 tenants
Average Rent per sq. m.	Office: approximately RMB79.18 per sq. m. based on the total monthly office rental as at 31 October 2007 as divided by the leased Gross Rentable Area (excluding commercial area and car parking spaces) Commercial: approximately RMB96.81 per sq. m. based on the total monthly commercial rental as at 31 October 2007 as divided by the leased Gross Rentable Area (excluding office area and car parking spaces)
Gross Rentable Area Leased to Top 10 Tenants as a percentage of total Gross Rentable Area as at 31 October 2007	approximately 50.15%
Aggregate Monthly Base Rent from Top 10 Tenants as a percentage of the Total Monthly Base Rent as at 31 October 2007	approximately 68.18%

The following chart illustrates the percentage of the total Gross Rentable Area of the New Property as at 31 October 2007 occupied by tenants in each of the identified business sub-sectors:

Gross Rentable Area occupied by each business sub-sector



10 Largest Tenants in terms of Total Monthly Base Rent

The table below sets out information on the 10 largest tenants in terms of total monthly base rent for 31 October 2007:

Ranking	Tenant	Business Sector	Tenancy Expiry Date	Percentage of Total Monthly Base Rent
1.	廣州頤正信息科技集團有限公司 (越秀分公司) ⁽¹⁾	Information Technology	2016-12-31	23.18%
2.	中國平安人壽保險股份有限公司 廣州分公司 ⁽¹⁾	Insurance	2012-11-30	8.15%
3.	廣州高山文化培訓學校 ⁽¹⁾	Education	2010-7-31	5.79%
4.	天地國際運輸代理(中國)有限公司 ⁽¹⁾	Logistics	2009-5-31	5.57%
5.	廣州市國美電器有限公司 ⁽¹⁾	Electrical Appliances	2013-8-21	5.57%
6.	恒德利服裝有限公司廣州分公司 ⁽¹⁾	Garments	2012-10-31	4.79%
7.	丁燦輝 ⁽¹⁾	Garments	2010-10-31	4.64%
8.	中國銀行股份有限公司 廣州廣東國際大廈支行 ⁽¹⁾	Banking	2011-12-31	4.45%
9.	上海瑞可利投資諮詢有限公司 ⁽¹⁾	Information Technology	2009-10-31	3.62%
10.	深圳大快活快餐有限公司 ⁽¹⁾	Food and Beverages	2015-6-30	2.42%
	10 largest tenants			68.18%
	Other tenants			31.82%
	Total			100.00%

Note:

(1) It is not a connected person of GZI REIT.

Leases Expiry Profile

The table below sets out information on leases at the New Property that will expire during the periods indicated:

Period	Number of leases expiring	Percentage of number of leases expiring	Leases on Gross Rentable Area	Percentage of leases on Gross Rentable Area
2008	1	1.67%	338.38	0.90%
2009	13	21.67%	5,363.21	14.33%
2010	34	56.67%	12,830.81	34.27%
2011	2	3.33%	730.28	1.95%
2012	6	10.00%	5,955.68	15.91%
2013	2	3.33%	3,131.30	8.36%
2014	0	0.00%	0	0.00%
2015	1	1.67%	813.31	2.17%
2016	0	0.00%	0	0.00%
2017	1	1.66%	8,274.94	22.11%
after 2017	0	0.00%	0	0.00%
Subtotal	60	100.00%	37,437.91	100.00%

6. FEES AND CHARGES IN RELATION TO THE NEW PROPERTY

(a) Fees payable to the Manager and the Trustee in relation to the Acquisition

The Manager and the Trustee are not entitled to and will not receive any acquisition fee in relation to the Acquisition.

(b) Ongoing fees and charges in relation to the New Property following Completion

Upon Completion, the Manager will have the general power of management over the New Property and will be entitled under the Trust Deed to receive from GZI REIT management fees attributable to the New Property. The Manager will be entitled to management fees for as long as the New Property forms part of GZI REIT's investment portfolio in accordance with provisions of the Trust Deed. Subject to the passing of a special resolution as to the amendment to the Trust Deed, the Manager may elect to receive the management fees attributable to the New Property in cash or in Units.

Upon Completion, the Manager will appoint the Property Manager to manage, supervise, maintain and market the New Property, subject to the overall management and supervision of the Manager, upon the terms and conditions set out in the Tenancy Services Agreement.

For further details of the nature of the management and other fees payable to the Manager and the Property Manager respectively, please refer to the sections headed “OFFERING CIRCULAR SUMMARY — Manager’s Fees” and “OFFERING CIRCULAR SUMMARY — Leasing Agent’s Fees” in the IPO Offering Circular. In addition to the above, various other customary expenses and other outgoings will arise in the ordinary course of business of managing and operating the New Property, which pursuant to the Trust Deed or the Tenancy Services Agreement (as the case may be) will be charged to GZI REIT as has been the case for the Existing Properties.

7. GENERAL

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 any conditions of waivers and exemptions from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time.

Both the Vendor and the Manager are wholly owned subsidiaries of GZI and are connected persons of GZI REIT, and each of the Transactions constitutes a connected party transaction of GZI REIT under Paragraph 8.11 of the REIT Code. Further, Paragraph 12.2 of the REIT Code requires Unitholders’ approval by way of an Ordinary Resolution where units are issued to a connected person or in relation to a connected party transaction that requires Unitholders’ approval under Chapter 8 of the REIT Code. Accordingly, pursuant to the REIT Code and the Trust Deed, each of the Transactions will require Unitholders’ approval by way of an Ordinary Resolution. Further, as the issue of the Consideration Units is an integral part of the terms and structure of the Acquisition, Unitholders’ approval for the Transactions has been incorporated into a single Ordinary Resolution.

Paragraph 8.11 of the REIT Code provides that where a Unitholder has a material interest in the transaction 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 transaction tabled for approval at a general meeting of GZI REIT, 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.

Pursuant to the REIT Code and the Trust Deed, by virtue of GZI's material interest or deemed material interest in the Transactions, GZI shall abstain from voting on the Ordinary Resolution to approve the Transactions. GZI has agreed that it will abstain, and will procure each of the members of the GZI Associates to abstain, from voting on the Ordinary Resolution to approve the Transactions.

As at the date of this announcement,

- (a) GZI was deemed to be interested in 313,280,495 Units (representing approximately 31.3% of the Units in issue) which were directly held by its wholly-owned subsidiary, Dragon Yield;
- (b) Yue Xiu Group was deemed to be interested in 12,706,585 Units (representing approximately 1.3% of 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, no other Unitholder is required to abstain from voting at the EGM in respect of the Transactions.

After taking into consideration the reasons for, terms of and other information provided to the Trustee by the Manager in relation to the Acquisition, the Trustee confirms that the Acquisition is consistent with GZI REIT's established investment policy and has given its consent for the Manager to proceed with the Acquisition. The Directors (including the independent non-executive Directors) consider that the Transactions are fair and reasonable and in the interests of Unitholders as a whole.

An Independent Board Committee will be appointed to advise the independent Unitholders in relation to the Transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Unitholders in relation to the Transactions.

As completion of the Acquisition is subject to the Conditions, which may or may not be fulfilled, Unitholders and prospective investors are advised to exercise caution when dealing in the Units.

III. INCREASE IN ANNUAL CAPS AND EXTENSION OF THE WAIVER PERIOD FOR CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS

Upon completion of the Acquisition, GZI REIT will enter into the following transactions with different parties which are connected persons of GZI REIT as a result of their connection with the Manager:

1. LEASING TRANSACTIONS

The Property Company has entered into a tenancy agreement with (廣州城建開發宏城車場物業管理有限公司) in relation to certain carparking spaces at the New Property. This tenancy agreement was entered into in the ordinary and usual course of business of the Property Company, on normal commercial terms and was based on market pricing. As (廣州城建開發宏城車場物業管理有限公司) is a subsidiary of GZI and therefore a connected person of GZI REIT, upon Completion this tenancy agreement will become and constitute a connected party transaction of GZI REIT under Paragraph 8.11 of the REIT Code.

2. PROPERTY MANAGEMENT ARRANGEMENTS

The Property Manager has been appointed to manage the common areas in the Building. The relevant property management agreement(s) were entered into in the ordinary and usual course of business of the Property Company, on normal commercial terms and based on market pricing. As the tenants in the New Property (and not the Property Company) pay the property management fees to the Property Manager, no caps are required in respect of such property management fees.

3. TENANCY SERVICES AGREEMENT

GZI REIT will enter into a Tenancy Services Agreement in respect of the New Property with the Property Manager which is a subsidiary of GZI and therefore a connected person of GZI REIT. The Property Manager is currently managing 3 properties out of the Existing Properties and the tenancy services transaction constitutes a connected party transaction of GZI REIT under Paragraph 8.11 of the REIT Code. The Tenancy Services Agreement will be entered into as has been the case for the Existing Properties which has been on normal commercial terms and was based on market pricing.

4. WAIVERS GRANTED AND CONDITIONS IMPOSED

Subject to certain conditions (including but not limited to the following conditions), the SFC has granted waivers from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of, inter alia, the leasing transactions, the property management arrangements in relation to the Existing Properties and tenancy services transactions between the Group and persons which are connected with GZI REIT as a result of their connection with the Manager:

(a) Annual caps

In any relevant Financial Year, the annual value of the leasing transactions and the Tenancy Services Agreements shall not exceed the respective annual cap amounts set out in the IPO Offering Circular.

(b) Initial Waiver Period

The waivers for such connected party transactions will be for an initial duration commencing from the Listing Date and ending on 31 December 2008 (“Initial Waiver Period”).

5. INCREASE THE ANNUAL CAPS AND EXTEND THE INITIAL WAIVER PERIOD

With the Acquisition and the increase of the scale of GZI REIT’s operation, the Board seeks to (a) increase the relevant annual caps for leasing transactions and the Tenancy Services Agreements as set out below; and (b) extend the Initial Waiver Period for a period up to and including 31 December 2010.

6. INCREASE THE ANNUAL CAPS AND THE REASONS BEHIND

Leasing transactions

For the year ending 31 December 2008	For the year ending 31 December 2009	For the year ending 31 December 2010
HK\$4,061,000	HK\$4,189,000	HK\$4,777,000

The proposed caps are rounded up to the nearest thousand for easy reference.

Tenancy Services Agreements

For the year ending 31 December 2008	For the year ending 31 December 2009	For the year ending 31 December 2010
HK\$18,149,000	HK\$19,964,000	HK\$21,960,000

The proposed caps are rounded up to the nearest thousand for easy reference.

The annual caps for the leasing transactions have been determined with general reference to the historical data for the last 3 years and based on the anticipated aggregate value of such transactions together with the transaction value related to the carparking spaces in the New Property during the relevant financial periods. A buffer of 20% has been included in the caps for contingencies such as: (i) changes in rental or other market conditions; (ii) appreciation of RMB; and/or (iii) differences in pricing or other relevant practices or policies of GZI REIT compared with those applicable when the New Property and/or the Existing Properties were controlled by GZI REIT's predecessors. Manager expects the cap for the leasing transactions for the year ended 31 December 2008 will not exceed the amount previously approved at the time of listing in 2005 and hence no revision is needed.

The annual caps for the Tenancy Services Agreements have been determined with reference to the projected annual gross income of the relevant properties assuming:

- (a) the annual rental growth rate remains constant at 10% for the relevant financial periods;
- (b) property management fees for all properties of GZI REIT, with the exception of White Horse Units, will be 4% of annual gross income;
- (c) property management fees for White Horse Units will be 3% of its annual gross income; and
- (d) a buffer of 20% has been included in the caps for contingencies such as: (i) changes in market conditions; (ii) appreciation of RMB; and/or (iii) differences in pricing or other relevant practices or policies of GZI REIT compared with those applicable when the New Property and/or the Existing Properties were controlled by GZI REIT's predecessors.

7. GENERAL

It is one of the conditions for granting of the waivers for the connected party transactions listed above that the Manager may from time to time seek to increase one or more of the annual caps set out in the IPO Offering Circular and/or extend the Initial Waiver Period provided that, inter alia, that the Manager obtains the approval of independent Unitholders by way of an Ordinary Resolution.

As at the date of this announcement,

- (a) GZI was deemed to be interested in 313,280,495 Units (representing approximately 31.3% of Units in issue) which were directly held by its wholly-owned subsidiary, Dragon Yield;
- (b) Yue Xiu Group was deemed to be interested in 12,706,585 Units (representing approximately 1.3% of 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, no other Unitholder is required to abstain from voting at the EGM in respect of the proposed increase of the annual caps and the proposed extension of the Initial Waiver Period.

The Directors (including the independent non-executive Directors) consider that:

- (a) the proposed increase of the annual caps and the proposed extension of the Initial Waiver Period are fair and reasonable having regard to the interests of the Unitholders as a whole;
- (b) the relevant connected party transactions have been or will be entered into (i) in the ordinary and usual course of business of GZI REIT; and (ii) on normal commercial terms and are fair and reasonable and in the interests of the Unitholders as a whole; and
- (c) the relevant connected party transactions will still be subject to the existing waiver conditions.

IV OTHERS

(a) Circular

A Circular containing, among other things: (1) a letter from the Board to Unitholders containing details of the proposed amendment to the Trust Deed, the Transactions, certain continuing connected party transactions and other related matters; (2) a letter from the Independent Board Committee to Unitholders; (3) a letter from the independent financial adviser containing its advice to the Independent Board Committee, and the independent Unitholders in respect of the voting on the Transactions, certain continuing connected party transactions and any related matters; (4) the Independent Property Valuer's New Property Valuation Report and (5) the EGM Notice, will be sent to the Unitholders as soon as practicable. The Manager will make further announcements to inform Unitholders about details of the EGM.

(b) Resumption of Trading

At the request of the Manager, trading in the Units on the Hong Kong Stock Exchange was suspended with effect from 9:30 a.m. on 14 January 2008. Application has been made for the resumption of trading of the Units on the Hong Kong Stock Exchange at 9:30 a.m. on 15 January 2008.

TERMS USED IN THIS ANNOUNCEMENT

Acquisition	The proposed acquisition of the entire issued share capital of the BVI Company by and the assignment of the Shareholder Loans to GZI REIT.
Acquisition Value	Approximately HK\$677.3 million (or approximately HK\$10,931 per sq. m. based on the Total Floor Area of 61,964.34 sq. m.).
Agreement	The conditional sale and purchase agreement dated 14 January 2008 and entered into by the Vendor, the Guarantor, the Purchaser and the Manager in relation to the Acquisition.
Appraised Value	The value, as at 31 October 2007, as appraised by the Independent Property Valuer, of the New Property, being RMB685,000,000 (or approximately HK\$706,185,567).
Board	The board of Directors.

Building	Yue Xiu Neo Metropolis Plaza (formerly known as Yue Xiu New Metropolis), Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258, Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, The PRC.
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.
BVI Company	Metrogold Development Limited, a company incorporated in British Virgin Islands.
Circular	<p>The circular to be despatched by the Manager to the Unitholders in connection with the proposed expansion of geographical scope of GZI REIT, the proposed amendments to the Trust Deed and the Transactions, which will contain, among other things:</p> <ol style="list-style-type: none"> (1) a letter from the Board to Unitholders containing details of the proposed amendments to the Trust Deed, the Transactions, certain continuing connected party transactions and other related matters; (2) a letter from the Independent Board Committee to Unitholders; (3) a letter from an independent financial adviser containing its advice to the Independent Board Committee and independent Unitholders in respect of the voting on the Transactions, certain continuing connected party transactions and any related matters; (4) the Independent Property Valuer’s New Property Valuation Report; and (5) the EGM Notice.
Completion	The completion of the Acquisition pursuant to the Agreement.

Conditions	The conditions precedent to Completion under the Agreement.
connected person	Has the meaning ascribed to it in the REIT Code.
Consideration Units	The 65,972,687 new Units to be issued at HK\$3.08 per Unit to the Vendor or its nominated person as part payment of the Purchase Consideration payable upon Completion.
Convertible Instruments	Any securities convertible or exchangeable into Units, or any options or warrants or similar rights for the subscription or issue of Units (or securities convertible or exchangeable into Units), issued by GZI REIT or any Special Purpose Vehicle (as defined in the Trust Deed).
Deed of Right of First Refusal	The deed dated 8 December 2005 made by GZI in favour of the Trustee and the Manager.
Directors	The directors of the Manager.
Domestic JV Partner	廣州市華強投資有限公司, a PRC entity which is not a connected person of GZI REIT as defined in the REIT Code.
Dragon Yield	Dragon Yield Holding Limited, a company incorporated in the British Virgin Islands and which is directly wholly-owned by GZI.
EGM	The extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice.
EGM Notice	The notice to be included in the Circular in respect of the EGM of Unitholders to consider and, if thought fit, approve the expansion of geographical scope of GZI REIT, the amendments to the Trust Deed and the Transactions and the increase in annual cap and extension of the waiver period of certain continuing connected party transactions.
Existing Properties	The properties owned by GZI REIT as at the Listing Date, a detailed description of which has been set out in the IPO Offering Circular.

Financing Condition	One of the Conditions, being the obtaining of financing for the Acquisition on market terms and such other terms as are satisfactory to the Purchaser and (where applicable) all requisite consents and/or approvals for the Transactions as shall be required by the trustee of the Proposed Convertible Bonds, as summarised in paragraph 1(j)(v) of the section headed “The Agreement — Conditions Precedent” of this announcement.
Financial Year	<p>(a) For the first Financial Year, the period from and including the date of establishment of GZI REIT to and including 31 December 2005;</p> <p>(b) for the last Financial Year, the period from and including the most recent 1 January before the date GZI REIT terminates to and including the date GZI REIT terminates; and</p> <p>(c) in all other circumstances, the 12-month period ending on 31 December in each year.</p>
General Mandate	The power of the Manager to issue Units without approval of Unitholders pursuant to Paragraph 12.2 of the REIT Code and Clause 7.5 of the revised Trust Deed (if approved).
Gross Rentable Area	In respect of a property, that portion of the Total Floor Area of the property determined by the Manager at any given time to be rentable.
Group	GZI REIT and the companies directly or indirectly owned and controlled by GZI REIT.
Guarantor	GZI.
GZI	Guangzhou Investment Company Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchanges (Stock Code: 123) and the stock exchange operated by Singapore Exchange Securities Trading Limited.

GZI Associates	The controlling entities, holding companies, subsidiaries and associated companies of GZI. For the purposes of this definition, “controlling entity” and “associated company” shall have their respective meanings under the REIT Code.
GZI REIT	GZI Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the SFO.
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\$	Hong Kong Dollars.
Hong Kong	The Hong Kong Special Administrative Region of the People’s Republic of China.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.
Independent Board Committee	The independent committee of the Board to be established to advise the independent Unitholders on the Transactions.
Independent Property Valuer	Colliers International (Hong Kong) Limited, the principal valuer of GZI REIT.
Independent Property Valuer’s New Property Valuation Report	A valuation report prepared by the Independent Property Valuer on the New Property, a copy of which will be set out in the Circular.
IPO Offering Circular	The offering circular dated 12 December 2005 issued by GZI REIT in connection with the initial public offering of Units by GZI REIT.
Last Trading Day	11 January 2008, being the last Trading Day prior to the suspension of trading in the Units on the Hong Kong Stock Exchange on 14 January 2008.
Listing Date	21 December 2005, being the date on which the Units were first listed on the Hong Kong Stock Exchange.

Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
Long Stop Date	The date falling six (6) months from the date of the Agreement (or such other date as the parties to the Agreement may agree in writing).
Macau	The Macau Special Administrative Region of the People's Republic of China.
Main Board	The stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange.
Manager	GZI REIT Asset Management Limited, as manager of GZI REIT.
Market Price	Has the meaning ascribed to it in the Trust Deed.
New Property	Approximately 72.3% (based on Total Floor Area) of the Building, a detailed description of which will be set out in the Circular.
New Property Income	The rental and other incomes (exclusive of management charges and government rates) to be derived from the New Property.
occupancy rate	The Gross Rentable Area in sq.m. occupied by tenants as a percentage of total Gross Rentable Area.
Ordinary Resolution	A resolution of Unitholders passed by a simple majority of the votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue.
PRC or China	The People's Republic of China.
Property Adviser	Jones Lang LaSalle Limited.
Property Company	Guangzhou Jieyacheng Properties Co., Ltd., a sino-foreign co-operative joint venture.

Property Management Agreement	The property management agreement entered into between the Property Company and the tenants.
Property Manager	Guangzhou Yicheng Property Management Limited, GZI REIT's property manager.
Proposed Convertible Bonds	The bonds convertible into Units intended to be issued.
Purchase Consideration payable upon Completion	Approximately HK\$677.3 million (or approximately HK\$10,931 per sq. m. based on the Total Floor Area of 61,964.34 sq. m.) adjusted to take into account the combined net assets of the BVI Company and the Property Company as at 30 September 2007.
Purchaser	The Trustee, in its capacity as trustee of GZI REIT.
REIT Code	The Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being.
RMB and Renminbi	Renminbi, being the lawful currency of The People's Republic of China.
SFC	The Securities and Futures Commission of Hong Kong.
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time.
Shareholder Loans	The entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to the Vendor by the BVI Company as at Completion.
Special Resolution	A resolution of Unitholders passed by a majority consisting of 75% or more of the votes of those present and entitled to vote in person or by proxy, but with a quorum of two or more Unitholders holding not less than 25% of Units in issue.
sq.m.	Square metre(s).
tenancy	A lease, tenancy agreement or licence in respect of premises granted to a lessee, tenant or licensee, as the case may be, and "tenancies" shall be construed accordingly.

Tenancy Services Agreements	The tenancy services agreements entered or to be entered into between the Manager and the Property Manager.
Total Floor Area	In respect of the New Property, (a) that portion of area contained within the external faces of the external walls of the building measured on each floor level, and (b) a pro rata portion of the common areas and area of the mechanical and electrical floors of the building, including the carparking spaces, clubhouse and common facilities area.
Trading Day	A day when the Hong Kong Stock Exchange is open for dealing business.
Transactions	The Acquisition and the issue of the Consideration Units in connection therewith.
Trust Deed	The trust deed constituting GZI 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 GZI REIT.
Unit	A unit of GZI REIT.
United States	United States of America, its territories and possessions, any State of the United States and the District of Columbia.
Unitholder	Any person registered as holding a Unit.
URET	Urban real estate tax imposed with reference to 70% of the original cost of the real estate at a rate of 1.2% per annum.
Vendor	Guangzhou Investment (China Property) Company Limited, a company incorporated in British Virgin Islands.
White Horse Units	Nine strata units in White Horse Building located at No.16 Zhan Nan Road, Yue Xiu District, Guangzhou, the PRC.

Yue Xiu	Yue Xiu Enterprises (Holdings) Limited, a company incorporated in Hong Kong and the controlling shareholder of GZI.
Yue Xiu Group	Yue Xiu and its subsidiaries.
%	Per centum or percentage.

Made by the order of the Board, the members of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the board of directors of
GZI REIT Asset Management Limited
(as manager of GZI Real Estate Investment Trust)
Liang Ningguang
Chairman

Hong Kong, 14 January 2008

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

<i>Executive Directors:</i>	<i>Messrs. Liang Ningguang and Liu Yongjie</i>
<i>Non-executive Director:</i>	<i>Mr. Liang Youpan</i>
<i>Independent Non-executive Directors:</i>	<i>Messrs. Chan Chi On, Derek, Lee Kwan Hung, Eddie and Chan Chi Fai, Brian.</i>