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ANNOUNCEMENT

(1) POLL RESULTS OF EXTRAORDINARY GENERAL MEETING HELD ON 23 JULY 2012 (2) GRANT OF WAIVERS

Reference is made to the circular of Yuexiu Real Estate Investment Trust (the “**REIT**”) dated 30 June 2012 (the “**Circular**”), and the notice of EGM of the REIT attached thereto (the “**Notice of EGM**”). Unless the context requires otherwise, terms used in this announcement shall have the same meaning as those defined in the Circular.

RESULTS OF EGM

The Board is pleased to announce that at the EGM held today: (a) the ordinary resolution proposed to approve the Transaction Matters Requiring Approval (the “**EGM Ordinary Resolution**”) was duly passed by the Independent Unitholders by way of poll; and (b) the special resolutions proposed to approve the Trust Deed Amendments (the “**EGM Special Resolutions**”) were duly passed by the Unitholders by way of poll.

The poll at the EGM was scrutinised by Tricor Investor Services Limited, the unit registrar of the REIT. Details of the poll results in respect of the resolutions proposed at the EGM are as follows:

NO.	ORDINARY RESOLUTION	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
1.	<p>THAT approval (where relevant, shall include approval by way of ratification) be and is hereby given for each of the Transaction Matters Requiring Approval, being:</p> <p>(a) the Subscription (including the REIT Manager and Trustee entering into the Subscription Deed and the Supplemental Subscription Deed) and the consummation of transactions contemplated under the Subscription Deed and the Supplemental Subscription Deed as more particularly described in the Circular and on the terms and conditions set out in the Subscription Deed and the Supplemental Subscription Deed;</p> <p>(b) the Assignment (including the REIT Manager and Trustee entering into the Indebtedness Agreement and the Supplemental Indebtedness Agreement) and the consummation of the transactions contemplated under the Indebtedness Agreement and the Supplemental Indebtedness Agreement as more particularly described in the Circular and on the terms and conditions set out in the Indebtedness Agreement and the Supplemental Indebtedness Agreement (including in respect of the proportions of the consideration for the Assignment to be financed by cash, Consideration Units and Deferred Units);</p>	112,278,080 (92.46%)	9,157,238 (7.54%)	121,435,318

NO.	ORDINARY RESOLUTION	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
	<p>(c) the issuance of such number of Consideration Units to Yuexiu Property (or YXP Nominee) in accordance with the Indebtedness Agreement and at an issue price per Unit that is equal to the issue price for the Placement Units determined in accordance with paragraph (k) below, provided such number of Consideration Units:</p> <p>(i) when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after Completion, will not trigger an obligation on the part of Yuexiu Property (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all Units not already owned or agreed; and</p> <p>(ii) when aggregated with the number of Placement Units and Deferred Units (assuming the Deferred Units are issued at the Issue Price without any adjustments pursuant to the Deferred Units Adjustment Events) to be issued, shall not exceed the Authorised Issue;</p> <p>(d) the issuance of such number of Deferred Units to Yuexiu Property (or YXP Nominee) in accordance with the Indebtedness Agreement and at the Deferred Units Issue Price (subject to adjustment for the Deferred Units Adjustment Events), provided such number:</p> <p>(i) when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of Yuexiu Property (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all Units not already owned or agreed to be acquired by them at the relevant time; and</p>			

NO.	ORDINARY RESOLUTION	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
	<p>(ii) without taking into consideration any adjustment to the Deferred Units Issue Price, and when aggregated with the Placement Units and Consideration Units to be issued, shall not exceed the Authorised Issue;</p> <p>(e) upon Completion, the consummation of transactions contemplated under the Settlement Agency Agreement as more particularly described in the Circular and on the terms and conditions set out in the Settlement Agency Agreement;</p> <p>(f) upon Completion, the consummation of transactions contemplated under the Naming Rights Agreement as more particularly described in the Circular and on the terms and conditions set out in the Naming Rights Agreement;</p> <p>(g) pursuant to the Subscription Deed, the REIT Manager and the Trustee entering into the Deed of Top-up Payments at Completion, and the consummation of transactions contemplated under the Deed of Top-up Payments as more particularly described in the Circular and on the terms and conditions set out in the Deed of Top up Payments;</p> <p>(h) pursuant to the Subscription Deed, the REIT Manager entering into the Employee Payment Agreement at Completion, and the consummation of transactions contemplated under the Employee Payment Agreement as more particularly described in the Circular and on the terms and conditions set out in the Employee Payment Agreement;</p>			

NO.	ORDINARY RESOLUTION	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
	<p>(i) the Manager's Fees for the period from the Fee Reference Date to 31 December 2017 being satisfied and paid in the form of Manager Fee Units and cash in the proportions as set out in the Circular;</p> <p>(j) upon Completion, the Founding Shareholders Guarantee;</p> <p>(k) the issuance of such number of Placement Units to institutional and/or other professional investors who are Independent Third Parties, at an issue price to be determined by agreement between the REIT Manager and the Unit Placement Underwriter(s) upon commencement of the Unit Placement having regard to market conditions, provided that the issue price will not be at a discount of more than 20% to the average closing price of the Units on the Stock Exchange in the 10 trading days immediately prior to the Unit Placement Pricing Date, and further provided that such number of Placement Units, when aggregated with the number of Consideration Units and Deferred Units (assuming that the Deferred Units are issued at the Deferred Units Issue Price without any adjustments pursuant to the Deferred Units Adjustment Events) to be issued, shall not exceed the Authorised Issue; and</p> <p>(l) the CPT Waiver,</p> <p>in each case, as more fully described in the Circular.</p>			

NO.	ORDINARY RESOLUTION	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
	AND THAT authorization be granted to the REIT Manager, any director of the REIT Manager and the Trustee to complete and to do all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of the REIT to give effect to all matters in relation to the Transaction Matters Requiring Approval generally.			
As more than 50% of the votes cast by such Independent Unitholders, being entitled so to do, voting in person or by proxy were cast in favour of this resolution, the resolution was duly passed as an ordinary resolution.				

NO.	SPECIAL RESOLUTIONS	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
2.	<p>THAT:</p> <p>(a) pursuant to clause 36.1 of the Trust Deed, approval be and is hereby granted for the Trust Deed Amendments to clarify that the issue of new Units by virtue of the provisions relating to the REIT Manager's remuneration falls within the existing scope of the REIT Manager's power to issue Units, as specifically set out in paragraph 1 of Appendix 13 to this Circular.</p> <p>(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Yuexiu REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.</p>	501,719,701 (98.48%)	7,735,200 (1.52%)	509,454,901
As more than 75% of the votes cast by such Unitholders, being entitled so to do, voting in person or by proxy were cast in favour of this resolution, the resolution was duly passed as a special resolution.				

NO.	SPECIAL RESOLUTIONS	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
3.	<p>THAT:</p> <p>(a) pursuant to clause 36.1 of the Trust Deed, approval be and is hereby granted for the Trust Deed Amendments to clarify the purpose of an earlier amendment to the Trust Deed relating to the basis of calculating certain remuneration of the Trustee, as specifically set out in paragraph 2 of Appendix 13 to this Circular.</p> <p>(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Yuexiu REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.</p>	505,937,651 (99.31%)	3,516,150 (0.69%)	509,453,801
As more than 75% of the votes cast by such Unitholders, being entitled so to do, voting in person or by proxy were cast in favour of this resolution, the resolution was duly passed as a special resolution.				

NO.	SPECIAL RESOLUTIONS	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
4.	<p>THAT:</p> <p>(a) pursuant to clause 36.1 of the Trust Deed, approval be and is hereby granted for the Trust Deed Amendments to elaborate on the provisions so as to grant Unitholders the option to reinvest all or a proportion of specified distributions to the issue of further Units, and to provide a basis for determining the issue price of such Units, as specifically set out in paragraph 3 of Appendix 13 to this Circular to be made to the Trust Deed.</p> <p>(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Yuexiu REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.</p>	506,076,651 (99.34%)	3,377,150 (0.66%)	509,453,801
<p>As more than 75% of the votes cast by such Unitholders, being entitled so to do, voting in person or by proxy were cast in favour of this resolution, the resolution was duly passed as a special resolution.</p>				

NO.	SPECIAL RESOLUTIONS	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
5.	<p>THAT:</p> <p>(a) pursuant to clause 36.1 of the Trust Deed, approval be and is hereby granted for the Trust Deed Amendments to introduce some flexibility in the operation and scope of business activities at the level of the REIT's special purpose vehicles, as specifically set out in paragraph 4 of Appendix 13 to this Circular.</p> <p>(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Yuexiu REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.</p>	506,002,651 (99.32%)	3,451,150 (0.68%)	509,453,801
<p>As more than 75% of the votes cast by such Unitholders, being entitled so to do, voting in person or by proxy were cast in favour of this resolution, the resolution was duly passed as a special resolution.</p>				

NO.	SPECIAL RESOLUTIONS	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
6.	<p>THAT:</p> <p>(a) pursuant to clause 36.1 of the Trust Deed, approval be and is hereby granted for the Trust Deed Amendments to expressly authorise, among other things, the use of electronic means and the REIT's website for corporate communication to Unitholders which comply with Rule 2.07A of the Listing Rules, as if they were applicable to SFC-authorized real estate investment trusts, as specifically set out in paragraph 5 of Appendix 13 to this Circular to be made to the Trust Deed.</p> <p>(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Yuexiu REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.</p>	506,153,651 (99.35%)	3,300,150 (0.65%)	509,453,801
<p>As more than 75% of the votes cast by such Unitholders, being entitled so to do, voting in person or by proxy were cast in favour of this resolution, the resolution was duly passed as a special resolution.</p>				

NO.	SPECIAL RESOLUTIONS	Number of votes cast (% of total number of votes cast)		Total number of votes cast
		For	Against	
7.	<p>THAT:</p> <p>(a) pursuant to clause 36.1 of the Trust Deed, approval be and is hereby granted for the Trust Deed Amendments to provide for the service fee portion of the Manager's Fees to be payable semi-annually in arrears, as specifically set out in paragraph 6 of Appendix 13 to this Circular to be made to the Trust Deed.</p> <p>(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Yuexiu REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.</p>	505,977,651 (99.34%)	3,374,150 (0.66%)	509,351,801
As more than 75% of the votes cast by such Unitholders, being entitled so to do, voting in person or by proxy were cast in favour of this resolution, the resolution was duly passed as a special resolution.				

Pursuant to the REIT Code and the Trust Deed, members of the Yuexiu Group and their respective associates are required to abstain from voting at the EGM to approve the EGM Ordinary Resolution. As members of the Yuexiu Group have a material interest in the resolutions relating to the Transaction Matters Requiring Approval that will be tabled for approval at the EGM, in accordance with the REIT Code and Trust Deed, Yuexiu Property and Yue Xiu abstained and procured that their respective Associates (which include Mr. Tang Shouchun, Mr. Chen Zhihong, Mr. Lee Ka Lun and Mr. Li Feng) abstained, from voting on the EGM Ordinary Resolution. The REIT Manager did not consider any Unitholder to have a material interest in the Trust Deed Amendments.

As at the date of the EGM,

(1) the number of Units in issue was 1,065,972,687;

- (2) for the EGM Ordinary Resolution, the total number of Units entitling the Independent Unitholders to vote for or against the EGM Ordinary Resolution was 677,395,885 (representing approximately 63.55% of the 1,065,972,687 Units in issue), and the total number of Units in issue which were ineligible to vote for or against the EGM Ordinary Resolution was 388,576,802. The Independent Unitholders in attendance either in person or by proxy represented 640,048,908 Units carrying voting rights, or approximately 94.49% of the total number of Units carrying voting rights in relation to the EGM Ordinary Resolution. To the best of the REIT Manager's knowledge, information and belief, after having made due and careful enquiries, the REIT Manager is of the opinion that, save as disclosed in the Circular, as at the date of the EGM, no other Unitholder is required to abstain from voting at the EGM; and
- (3) for the EGM Special Resolutions, the total number of Units entitling the Unitholders to vote for or against the EGM Special Resolutions was 1,065,972,687 (representing 100% of the 1,065,972,687 Units in issue). The Unitholders in attendance either in person or by proxy represented 1,027,035,960 Units carrying voting rights, or approximately 96.35% of the total number of Units carrying voting rights in relation to the EGM Special Resolutions.

GRANT OF WAIVERS

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

The REIT Manager applied for a waiver from strict compliance with the requirements under Chapter 8 of the REIT Code in respect of the New Continuing Connected Party Transactions. On 20 July 2012, the SFC granted the CPT Waiver, the details of which (including the conditions thereto) are described below.

Initial CPT Waiver, 2008 CPT Waiver and 2011 CPT Waiver

In 2005, the SFC granted the Initial CPT Waiver from strict compliance with certain requirements under Chapter 8 of the REIT Code in respect of certain continuing transactions between the REIT and the Relevant Connected Persons.

In 2008, the SFC granted the 2008 CPT Waiver to (a) extend the Initial CPT waiver period; (b) expand the Initial CPT Waiver and increase the annual caps therein to account for leasing transactions and tenancy services agreements with Relevant Connected Persons in respect of the New Metropolis as well as the then existing properties of the REIT; and (c) expand the CPT waiver to account for the property management arrangements with Relevant Connected Persons in respect of the Neo Metropolis as well as the then existing properties of the REIT.

In 2011, the SFC granted the 2011 CPT waiver to extend the 2008 CPT Waiver for 3 financial years ending 21 December 2013, as well as new annual monetary limits for the Existing Continuing Connected Party Transactions for such period.

CPT Waiver

Upon Completion, more continuing connected party transactions will arise and the scale of continuing connected party transactions with the Relevant Connected Persons will increase. In this regard, the REIT Manager has proposed the CPT Waiver to:

- (a) broaden the categories of Existing Continuing Connected Party Transactions to additionally include those continuing connected party transactions with the Relevant Connected Persons in respect of the Property that will arise as a result of the Transaction;
- (b) set new monetary limits to accommodate the New Continuing Connected Party Transactions for the financial years ending 31 December 2012, 31 December 2013 and 31 December 2014. The Proposed Caps increase the previous caps set in January 2011, to cover the New Continuing Connected Party Transactions relating to the Property, as well as additional Connected Leasing Transactions (beyond those contemplated when the previous caps were set) to be entered into; and
- (c) extend the 2011 CPT Waiver Period so that the 3-year waiver duration can commence afresh.

Conditions of the CPT Waiver

Pursuant to the CPT Waiver, the New Continuing Connected Party Transactions are exempt from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code, subject to Completion taking place and the conditions as set out below. The CPT Waiver will commence as from the date of Completion and continue until 31 December 2014. The CPT Waiver will supersede the existing 2011 CPT Waiver. The conditions of the CPT Waiver are as follows:

(i) Due approval by Unitholders

Due approval by Unitholders other than those who have a material interest in the relevant transactions, within the meaning of 8.11 of the REIT Code ("Independent Unitholders") and adoption of the Ordinary Resolution to approve the CPT Waiver set out in the notice of EGM dated 30 June 2012, without any material amendment thereto;

(ii) *Extensions or modifications*

The CPT Waiver has been granted for a period of three financial years ending 31 December 2014. The CPT Waiver may be extended beyond 31 December 2014, and/or the conditions of the CPT 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 REIT 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 CPT 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 the REIT after the date on which the approval referred to in (a) above is obtained.

(iii) *Annual caps*

In any relevant financial year, the annual value of the New Continuing Connected Party Transactions shall not exceed the respective annual cap amounts set out below:

- (a) *Leasing transactions:* In respect of the relevant leasing transactions:
 - an independent valuation shall be conducted for each leasing transaction except where it is conducted on standard or published rates. In the case of Connected Party Leases with no fixed term (e.g. tenancies with monthly rollover), an independent valuation shall be conducted no less than once every 24 months; and
 - the aggregate annual amounts of rent payable to the REIT thereunder for the financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed the respective cap amounts set out below:

For the year ending 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014
RMB113,813,395	RMB221,619,150	RMB231,185,001

- (b) *Tenancy services agreements*: In respect of the tenancy services agreements, the aggregate annual amounts of fees payable by the REIT to the property managers thereunder for the financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed the respective cap amounts set out below:

For the year ending 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014
RMB26,840,548	RMB34,404,292	RMB37,503,419

- (c) *Property management arrangements*:

As the property management fees payable under the Connected PMAs will be paid by the relevant tenants, rather than the REIT or its property holding companies, no caps are required in respect of such property management fees.

- (iv) *Disclosure in semi-annual and annual reports*

Details of the New Continuing Connected Party Transactions shall be disclosed in the REIT's semi-annual and annual reports, as required under 8.14 of the REIT Code.

- (v) *Auditors' review procedures*

In respect of each relevant financial period, the REIT Manager shall engage and agree with the auditors of the REIT to perform certain review procedures on the New Continuing Connected Party Transactions. The auditors shall then report to the REIT 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 New Continuing Connected Party Transactions:

- (a) have received the approval of the Board (including the independent non-executive Directors);
- (b) have been entered into in accordance with the pricing policies of the REIT;
- (c) have been entered into and carried out in accordance with the terms of the agreements (if any) governing the transactions; and
- (d) the total value in respect of which has not exceeded the respective annual cap amount (where applicable) as set out above.

(vi) *Annual review by the Audit Committee and the independent non-executive Directors*

The Audit Committee and the independent non-executive Directors shall review the relevant New Continuing Connected Party Transactions annually and confirm in the REIT's annual report for the relevant financial year that such transactions have been entered into:

- (a) in the ordinary and usual course of business of the REIT;
- (b) based on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement and the REIT 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.

(vii) *Notification to the SFC*

The REIT Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors of the REIT and/or the Audit Committee and/or the independent non-executive Directors will not be able to confirm the matters set out in paragraphs (v) and (vi) above.

(viii) *Auditors' access to books and records*

The REIT Manager shall allow, and shall procure the counterparty to the relevant New Continuing Connected Party Transaction to allow, the auditors of the REIT sufficient access to their records for the purpose of reporting on the transactions.

(ix) *Subsequent increase in annual caps with Independent Unitholders' approval*

The REIT Manager may, from time to time seek an increase in one or more of the annual cap amounts set out above, for example, when the REIT acquires additional properties and increases the scale of its operations or where there are changes in market or operating conditions, provided that:

- (a) the REIT Manager obtains the approval of Independent Unitholders by way of an ordinary resolution passed in a general meeting of Unitholders;

- (b) the REIT Manager discloses details of the proposal to increase the cap amounts by way of an announcement such proposal, and issues a circular and notice to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirements set out in paragraphs (iii) to (viii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(x) *Paragraph 8.14 of the REIT Code*

The REIT Manager shall comply with all requirements under paragraph 8.14 of the REIT Code where there is any material change to the terms of the relevant New Continuing Connected Party Transactions or where there is any subsequent changes to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders' approval.

Waiver from strict compliance with certain requirements under paragraph 7.5(d) of the REIT Code with respect to layers of special purpose vehicles

The current holding structure of the Property involves five layers of special purpose vehicles and, upon Completion, six layers of special purpose vehicles. The current holding structure of the Property is similar to the one that was in place at the time of establishment of the Project Company and was adopted in 2007 when the PRC WFOEs acquired a 99% interest in the Project Company from its founding shareholders (other than the Project Company Minority Shareholder) pursuant to an internal restructuring of Yuexiu Group. At the time, such a structure was put in place to facilitate:

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

The SFC has granted a waiver from strict compliance with paragraph 7.5(d) of the REIT Code to allow the use of six layers of special purpose vehicles by the REIT subject to Completion taking place and the condition that there will be no change to the maximum number of layers of special purpose vehicles used by the REIT without further approval of the SFC.

Waiver from strict compliance with certain requirements under paragraph 7.5(c) of the REIT Code with respect to the operational functions proposed to be assumed by certain entities of the REIT

- (a) In respect of the Hotel and Serviced Apartments managed by a branch and subsidiary of the Project Company respectively

The REIT Manager has applied for a waiver from strict compliance with paragraph 7.5(c) of the REIT Code such that, as at Completion, the Project Company will be permitted to, through its branch or subsidiary, engage in the limited operational activities as set out in section 13.1.8(ii)(A) of the Circular on the following basis:

- (i) there is a legal and practical necessity for the Project Company, through its branch or subsidiary, to have a limited number of senior managers for obtaining and maintaining the operation licences for both the Hotel and the Serviced Apartments and to enter into ancillary operational contracts with third parties whereby the owner of the Hotel or Serviced Apartments is required to become a direct contracting party;
- (ii) the total remuneration for the Hotel Employees and the Serviced Apartments Employees directly employed by the Project Company, through its branch or subsidiary, is expected to represent approximately 5% of the total revenue of the REIT for the relevant period, and hence will not introduce significant liabilities or losses to the REIT;
- (iii) even if the Hotel Employees and the Serviced Apartments Employees were transferred to companies outside the REIT (*New Employers*), it is expected that the Project Company will, in practice, still need to bear the salaries of and other employment-related expenses associated with those employees by, for example, reimbursing the New Employers for the relevant amount. In addition, the Project Company may also need to pay the New Employers service fees. Therefore, such an alternative arrangement will likely increase (rather than decrease) the employment related expenses and liabilities of the Project Company; and
- (iv) based on the understanding of the REIT Manager, the type of arrangement described above (where the local hotel or serviced apartments owner bears the operating expenses and employs employees for such hotels and serviced apartments) is common practice for an international hotel management group (like Four Seasons) and an international serviced residence operator (like Ascott).

The SFC has granted to the REIT a waiver from strict compliance with the requirements under paragraph 7.5(c) of the REIT Code so as to allow the Project Company (through its branch or subsidiary) to engage employees in the limited operational activities on the basis as set out in the above waiver application and the Circular, subject to Completion taking place and the condition that there shall not be any material change in circumstances as set out or represented to the SFC in the above waiver application and the Circular based on which the waiver is sought and granted.

(b) In respect of the HK Companies

The REIT Manager has applied for a waiver from strict compliance with paragraph 7.5(c) of the REIT Code such that, as at Completion, the HK Companies will be permitted to engage in the limited operational activities described in section 13.1.8(ii)(B) of the Circular on the following basis:

- the HK Companies will be entitled to enjoy a preferential withholding tax rate in respect of dividends paid by the WFOEs to the HK Companies, which the REIT Manager projects (based on a number of assumptions) as resulting in a saving of HK\$15 million per annum, the loss of which will reduce the Total Distributable Income, which is not in the interest of the Unitholders;
- the REIT Manager will reimburse the HK Companies for the costs associated with employment of the Hong Kong Employees;
- the REIT Manager agrees to indemnify the HK Companies for all liabilities and losses that it may suffer as a result of the employment of the Hong Kong Employees (to the extent that this is not covered by the Reimbursement arrangement described above);
- in light of the foregoing, the REIT will not incur additional liabilities or losses as a result of the HK Companies' direct employment of the Hong Kong Employees. On the contrary, if the relevant services were provided by companies outside the REIT and the Hong Kong Employees were transferred to companies outside the REIT, this may unnecessarily increase the cost to the REIT. This combined with the factors mentioned above will reduce the Total Distributable Income, which is not in the interests of the Unitholders;

- the activities carried out by the HK Companies complement the functions of the Project Company described in the section 2.2 headed “Current Holding Structure of the Property”, give the Project Company greater access to players in international trade and multinational corporations and provide the Project Company with the requisite international expertise;
- the scope of services to be provided by the HK Companies is expected to be limited given that: (a) the number of senior managers directly employed by the HK Companies (currently estimated to be 2 managers per entity) is not expected to increase; and (b) the intention is for the HK Companies to only provide their services to, and for the sole benefit of, the Project Company (which, following Completion, will form part of the REIT) and not engage in any other activities or business; and
- the HK Companies have historically provided the operational activities referred to above, and changes to such structure could lead to a material adverse impact on the REIT which is not in the interests of Unitholders.

The SFC has granted to the REIT a waiver from strict compliance with the requirements under paragraph 7.5(c) of the REIT Code so as to allow the HK Companies to engage employees in the limited operational activities on the basis as set out in the above waiver application and the Circular, subject to Completion taking place and the condition that there shall not be any material change in circumstances as set out or represented to the SFC in the above waiver application and the Circular based on which the waiver is sought and granted.

Waiver in respect of Chapter 8 of the REIT Code so as to exempt transactions with “Excluded Employees”

The SFC has granted a waiver from strict compliance with Chapter 8 of the REIT Code so as to exclude employees of the Yuexiu Connected Persons Group (other than employees of the REIT Manager) which technically falls within the connected persons definition under the REIT Code solely by reason of the operation of paragraphs (c) and (k) of the definition of “associate” under the SFO (being the “**Excluded Employees**”) and, accordingly, transactions between the REIT on the one

hand and the Excluded Employees on the other hand would be exempted from all requirements relating to connected party transactions under Chapter 8 of the REIT Code, subject to Completion taking place. However, this exclusion does not exempt such persons from other categories of connected persons as defined in the REIT Code.

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

Hong Kong, 23 July 2012

Executive Directors: *Messrs. LIANG Ningguang (Chairman) and LIU Yongjie*

Non-executive Director: *Mr. Li Feng*

Independent Non-executive Directors: *Messrs. CHAN Chi On Derek, LEE Kwan Hung Eddie and CHAN Chi Fai Brian*