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 **越秀房地產投資信託基金**
YUEXIU REAL ESTATE INVESTMENT TRUST

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

Managed by

 **越秀房託資產管理有限公司**
YUEXIU REIT ASSET MANAGEMENT LIMITED

Joint Underwriters and Joint Bookrunners
(in alphabetical order)



Co-Manager



ANNOUNCEMENT

(I) VERY SUBSTANTIAL ACQUISITION BY AND CONNECTED PARTY TRANSACTION OF YUEXIU REAL ESTATE INVESTMENT TRUST IN RESPECT OF GUANGZHOU INTERNATIONAL FINANCE CENTER

(II) ENTRY INTO PLACING AND UNDERWRITING AGREEMENT

(III) ENTRY INTO PICC PLACING AGREEMENT

(IV) ENTRY INTO NEW BANK FACILITY

(V) RESUMPTION OF TRADING

Reference is made to the joint announcement of the REIT and Yuexiu Property Company Limited dated 28 May 2012 and the circular of the REIT dated 30 June 2012.

Actual Financing Structure

The Total Consideration in respect of the Transaction is approximately RMB8,850 million and comprises: (1) the Subscription Monies (being US\$9,999) which will be paid to Tower Top; and (2) the consideration for the Assignment (approximately RMB8,850 million) which will be paid to Yuexiu Property (or YXP Nominee).

The Subscription Monies will be financed by drawing down on the New Bank Facility. The consideration for the Assignment will be satisfied partly in cash (by drawing down on the New Bank Facility and from the proceeds of the Unit Placement) as well as through the issuance of Consideration Units and Deferred Units to YXP Nominee.

The actual financing structure to be adopted in respect of the Transaction assuming the PICC Placement is completed, compared to the illustrative financing structure set out in the Circular, is set out in part A of this announcement.

The table below illustrates the number of Placement Units, Consideration Units and Deferred Units to be issued pursuant to the Actual Financing Structure, and the percentage of issued Units they represent in certain scenarios.

	Number of Units (Million)	Percentage of issued Units outstanding as at the date of this announcement	Percentage of issued Units outstanding as enlarged by the allotment and issue of the Placement and the Consideration Units	Percentage of issued Units outstanding as enlarged by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units (Note 1)
Placement Units (Note 2)	1,092.6	102.5%	39.8%	31.4%
Consideration Units	584.6	54.8%	21.3%	16.8%
Deferred Units (Note 3)	733.3	68.8%	26.7%	21.1%

Notes:

- (1) Based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)
- (2) Consists of 904,586,000 Firm Placement Units and 70,580,000 Option Placement Units and 117,479,000 PICC Placement Units
- (3) Assuming no Deferred Units Adjustment Events eventuate

Unit Placement

(1) Major Terms of the Placing and Underwriting Agreement

On 26 September 2012, the REIT Manager and the Unit Placement Underwriters entered into the Placing and Underwriting Agreement in connection with the placing and underwriting of the Placement Units, whereby the Unit Placement Underwriters have severally agreed, as an agent of the REIT Manager, to procure places to subscribe for an aggregate of 904,586,000 Placement Units, at the Issue Price, and in the event that there are any Remaining Units, each Unit Placement Underwriter will as principal subscribe for one-sixth of the total number of Remaining Units at the Issue Price, upon the terms and subject to the conditions set out in the Placing and Underwriting Agreement. In aggregate, the Unit Placement Underwriters will subscribe for all the Remaining Units.

In addition, the REIT Manager has unconditionally and irrevocably granted to the Unit Placement Underwriters the right (being, the Option) to require the REIT Manager to procure the REIT to issue up to, but not exceeding, 70,580,000 additional new Placement Units at the Issue Price (being, the Option Placement Units) represent approximately 7.8% of Firm Placement Units and 6.6% of the total number of Units outstanding as at the date of this announcement. The Option shall be exercisable at any time and on one occasion by written notice given by the Unit Placement Underwriters to the REIT Manager, by no later than two hours prior to resumption of trading of the Units on the Stock Exchange.

Pursuant to the Placing and Underwriting Agreement, the Issue Price will be no lower than HK\$3.30 per Unit, and determined by the REIT Manager and the Unit Placement Underwriters on an arm's length basis, having regard to market conditions, before 9:30 a.m. on the Unit Placement Pricing Date (being 26 September 2012). 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 ten trading days immediately prior to the Unit Placement Pricing Date.

There is no lock-up arrangement in respect of the Placement Units.

(2) Major Terms of the PICC Placing Agreement

On 26 September 2012, the REIT Manager and PICC Asset Management Company Limited (the Investor) entered into the PICC Placing Agreement pursuant to which the Investor has agreed to subscribe for such number of new Placement Units with an aggregate value of US\$50 million (approximately RMB317 million) (being, the PICC Placement Units) at the Issue Price (being, the PICC Placement).

Subscription of the PICC Placement Units (and therefore the issuance of such PICC Placement Units) is conditional upon: (a) the China Insurance Regulatory Commission's policies or regulations permitting the use of insurance funds by PICC Property and Casualty Company Limited to invest in real estate investment trusts listed outside the PRC, and attainment by PICC Property and Casualty Company Limited of the relevant qualifications; (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the PICC Placement Units; and (c) the subscription not violating any other laws or regulations that contain prohibitive restrictions. If the conditions are not fulfilled or, in respect of the conditions (a) and (b) above, waived by the Investor on or before 15 December 2012 or such other date as may be agreed between the parties, then the PICC Placing Agreement and all rights and obligations under the agreement will cease and terminate.

Closing of the PICC Placement will take place within 48 hours following the receipt by the Investor of the REIT Manager's confirmation that the conditions have been fulfilled or waived (as the case may be) (being, the Closing Date).

(3) Results of the Unit Placement

Pursuant to the Unit Placement, the REIT will issue 904,586,000 Firm Placement Units to Placees at an Issue Price of HK\$3.30 per Unit on the Completion Date. The Unit Placement Underwriters have also exercised their Option, pursuant to which the REIT Manager will procure that the REIT issue 70,580,000 Option Placement Units to Placees at the same Issue Price. Also, based on the Issue Price, 117,479,000 PICC Placement Units will be issued to the Investor pursuant to the PICC Placing Agreement. In total, the REIT will issue 1,092,645,000 Placement Units pursuant to the Unit Placement.

The total Placement Units to be issued pursuant to the Unit Placement (including the PICC Placement): (a) represent approximately 102.5% of the total number of Units outstanding as at the date of this announcement; (b) will represent approximately 39.8% of the total number of Units outstanding issued by the REIT as enlarged by the allotment and issue of the Placement Units and the Consideration Units; and (c) will represent approximately 31.4% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units (based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)).

(4) Proceeds

The gross proceeds from the Unit Placement (including the PICC Placement) will be approximately RMB2,950 million, and the net proceeds to be raised from the Unit Placement (including the PICC Placement) will be approximately RMB2,750 million.

The net proceeds of the Unit Placement will be applied towards the settlement of the cash portion of the consideration for the Assignment at Completion, subject to the limit expressed in the Indebtedness Agreement and summarised in the Circular, specifically, no more than RMB5,450 million of the Total Consideration shall be satisfied from the aggregate of the proceeds from the Unit Placement and the issuance of Consideration Units at the Issue Price.

If however, closing of the PICC Placement has not occurred by 3 October 2012, being the latest date to issue a draw down notice under the New Bank Facility, an amount equivalent to the expected proceeds of the PICC Placement (i.e. HK\$388 million) will be additionally drawn down under the New Bank Facility to finance the consideration in respect of the Assignment. If and when the PICC Placement subsequently completes, the proceeds of the PICC Placement will indirectly be applied towards the settlement of the cash portion of the consideration for the Assignment, via the partial repayment of the amount drawn down under the New Bank Facility.

(5) Yuexiu Property Lock-up Arrangement

In relation to the satisfaction of a condition to the Placing and Underwriting Agreement, the REIT Manager understands that Yuexiu Property has undertaken to comply with certain lock-up arrangements in connection with the Units, including the Consideration Units. See the section headed “Major Terms of the Placing and Underwriting Agreement - Conditions” in part B of this announcement for further details.

Consideration Units

Upon Completion, approximately 584.6 million new Units will be issued to YXP Nominee as Consideration Units at the Issue Price of HK\$3.30 per Unit.

The Consideration Units: (a) represent approximately 54.8% of the total number of Units outstanding as at the date of this announcement; (b) will represent approximately 21.3% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units and the Consideration Units; and (c) will represent approximately 16.8% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units (based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)).

Deferred Units

Approximately RMB2,400 million of the consideration for the Assignment is to be settled through the issuance of Deferred Units to YXP Nominee at the Initial Deferred Units Issue Price of HK\$4.00 per Unit (subject to adjustment). Based on the above, and assuming no Deferred Units Adjustment Events eventuate, it is expected that approximately 733.3 million Deferred Units will be issued to YXP Nominee. The Deferred Units: (a) represent approximately 68.8% of the total number of Units outstanding as at the date of this announcement; (b) will represent approximately 26.7% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units and the Consideration Units; and (c) will represent approximately 21.1% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units (based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)).

As stated in the Circular, commencing from 31 December 2016, the REIT will, on 31 December of each year, issue to YXP Nominee such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to Yuexiu Property (or YXP Nominee) and its concert parties which, 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.

New Bank Facility

On 26 September 2012, the Borrower (as borrower) entered into the Facility Agreement in respect of the New Bank Facility with the Lenders, the Agent and the Security Trustee.

The New Bank Facility relates to a Hong Kong dollar 3-year term loan facility of up to an aggregate principal amount of HK\$2,980 million, bearing an interest rate of 2.8% per annum above the HIBOR rate applicable to the relevant interest period selected by the Borrower, with such interest being payable on the last day of each interest period. The New Bank Facility will mature and the outstanding principal amount will become repayable 36 months from the date on which the Borrower draws down on the New Bank Facility. There are no upfront costs relating to the New Bank Facility.

The New Bank Facility will be secured by, among others: (1) irrevocable and unconditional joint and several guarantees from the Trustee (in its capacity as trustee of the REIT), Tower Top, the BVI SPVs and the HK Companies; (2) a first priority charge over the Subscription Shares; (3) a first priority charge over the entire issued capital of each of the Borrower, the BVI SPVs and the HK Companies; (4) a first priority pledge over the entire equity interest in the PRC WFOEs (if permissible under PRC law); and (5) a first priority charge over all current and future assets of the Borrower, Tower Top, the BVI SPVs and the HK Companies (except for those subject to the existing asset pledge).

There are no material changes to the terms of the New Bank Facility compared to that set out in the Circular other than: (a) a change in the aggregate principal amount of the facility from not less than HK\$1,500 million (as stated in the Circular) to an aggregate principal amount of HK\$2,980 million (as stated above); (b) the flexibility of the Borrower to select the interest periods (and consequentially, the applicable HIBOR rate) as opposed to a fixed three month interest period and HIBOR rate (as stated in the Circular); and (c) the addition of other lenders to the New Bank Facility (the Circular only stated that DBS Bank Ltd would be a party).

The New Bank Facility will be drawn down as to approximately HK\$2,592 million on the Completion Date, or alternatively, if the PICC Placement has not completed by 3 October 2012, being the latest date to issue a draw down notice under the New Bank Facility, an amount equivalent to the expected proceeds of the PICC Placement will be additionally drawn down under the New Bank Facility, with such funds applied towards the Subscription Monies, part of the consideration payable to Yuexiu Property in respect of the Assignment and certain costs associated with conducting the Transaction.

DPU Undertaking

Pursuant to the DPU Undertaking, the REIT Manager undertook to the Trustee that it will only proceed with the Transaction if DPU from Enlarged Portfolio (as defined in the Circular) is no more than RMB0.018 below DPU from Existing Properties (as defined in the Circular) calculated as at the Completion Date and taking into account certain variables set out in the Circular.

Based on the Actual Financing Structure, the terms of the Placing and Underwriting Agreement, the PICC Placing Agreement and New Bank Facility, the REIT Manager has confirmed to the Trustee that DPU from Enlarged Portfolio, being approximately RMB0.2063, calculated as at the Completion Date, by making adjustments to the Profit Forecast in order to take into account:

- (1) the actual number of Placement Units and Consideration Units issued and the Issue Price thereof;
- (2) the amount drawn down under the New Bank Facility and the interest rate of the New Bank Facility,

(and provided that, for the avoidance of doubt, except as set forth above or in the definition of DPU from Enlarged Portfolio, no other adjustments shall be made to the Profit Forecast in calculating the DPU from Enlarged Portfolio as at the Completion Date, whether to take account of the financial results of the REIT for the period up to the Completion Date or otherwise)

is no more than RMB0.018 below DPU from Existing Properties (being RMB0.2197).

Changes to the Unitholding Structure

Please refer to part G of this announcement for the pro forma changes to the unitholding structure after the issuance of the Placement Units, Consideration Units and Deferred Units.

Financial Effects of the Transaction

Please refer to part H of this announcement for the potential impact of the Transaction on the financial position and the capital structure of the REIT, and the pro forma gearing ratio of the REIT following Completion.

Completion and Further Announcements

Completion is expected to occur on or around 8 October 2012. As soon as practicable following Completion, the REIT Manager will issue an announcement setting forth further details as to the actual terms of the Transaction, including but not limited to, the amounts drawn down under the New Bank Facility. A further announcement will be issued by the REIT Manager as soon as practicable after the completion accounts and the working capital statement have been finalised.

Also, an announcement will be issued by the REIT Manager at the time the PICC Placement is completed, or if the PICC Placement has not completed by 15 December 2012, an announcement will in any event be issued on 15 December 2012 to keep investors informed of the progress of the PICC Placement.

Resumption of Trading

At the request of the REIT, trading in the Units of the REIT on the Stock Exchange was suspended from 9:03 a.m. on 26 September 2012 pending the release of this announcement. The REIT has applied to the Stock Exchange for resumption of trading in its Units on the Stock Exchange with effect from 9:00 a.m. on 27 September 2012.

The Transaction and the Unit Placement (including the PICC Placement) are conditional upon the fulfilment of conditions under the Placing and Underwriting Agreement (in respect of the Transaction and Unit Placement) and PICC Placing Agreement (in respect of the PICC Placement), and accordingly, may or may not complete. Unitholders, as well as any prospective investors of the REIT, are advised to exercise caution when dealing in the Units.

Reference is made to the joint announcement of Yuexiu Real Estate Investment Trust (the “**REIT**”) and Yuexiu Property Company Limited dated 28 May 2012 (the “**Joint Announcement**”) and the circular of the REIT dated 30 June 2012 (the “**Circular**”). Unless defined in part L of this announcement, terms used in this announcement shall have the same meaning as those defined in the Circular.

A. ACTUAL FINANCING STRUCTURE

As disclosed in the Joint Announcement and the Circular, the Transaction involves the proposed investment in Guangzhou International Finance Center by the REIT via: (1) the subscription by the Trustee (or its nominee) of the Subscription Shares; and (2) the assignment to the Trustee (or its nominee) of the Assigned Indebtedness by Yuexiu Property.

The Total Consideration in respect of the Transaction is approximately RMB8,850 million and comprises: (1) the Subscription Monies (being US\$9,999) which will be paid to Tower Top; and (2) the consideration for the Assignment (approximately RMB8,850 million) which will be paid to Yuexiu Property (or YXP Nominee).

The Subscription Monies will be financed by drawing down on the New Bank Facility. The consideration for the Assignment will be satisfied partly in cash (by drawing down on the New Bank Facility and from the proceeds of the Unit Placement) as well as through the issuance of Consideration Units and Deferred Units to YXP Nominee.

Set out below is the actual financing structure to be adopted in respect of the Transaction assuming the PICC Placement is completed (the “**Actual Financing Structure**”) compared to the illustrative financing structure set out in the Circular.

	Illustrative Financing Structure	Actual Financing Structure	No. of Units (million)		% of the total number of Units in issue		% of the total (enlarged) number of Units in issue	
			Illustrative (Note 1)	Actual (Note 2)	Illustrative (Note 1)	Actual (Note 3)	Illustrative (Note 1)	Actual (Note 4)
Consideration Units	RMB1,957 million	RMB1,579 million	679.0	584.6	63.7%	54.8%	18.4%	16.8%
Deferred Units	RMB2,400 million	RMB2,400 million	741.0	733.3	69.5%	68.8%	20.1%	21.1%
Cash Portion								
Unit Placement								
- Placing and Underwriting Agreement	RMB3,478 million	RMB2,633 million	1,206.0	975.2	113.2%	91.5%	32.7%	28.1%
- PICC Placing Agreement (Note 5)	—	RMB317 million	—	117.5	—	11.0%	—	3.4%
Subtotal	RMB3,478 million	RMB2,950 million	1,206.0	1,092.6	113.2%	102.5%	32.7%	31.4%
New Bank Facility (Note 5)	HK\$1,500 million equivalent to RMB1,215 million	HK\$2,592 million equivalent to RMB2,121 million	—	—	—	—	—	—
Total Units Issued (Note 6)			2,626.0	2,410.5	246.3%	226.1%	71.1%	69.3%
Total (Gross) Proceeds (Note 7)	RMB9,050 million	RMB9,050 million						

Notes:

- (1) Based on the assumptions set out in the Circular.
- (2) Based on the final Issue Price of HK\$3.30 per Unit and a Deferred Units Issue Price of HK\$4.00 per Unit.

- (3) Based on the number of Units in issue as at the date of this announcement, being 1,065,972,687.
- (4) Based on the total number of Units as enlarged by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units of approximately 3,476.5 million, assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement).
- (5) Assumes completion of the PICC Placement, and the proceeds having been used to: (a) finance the cash portion of the consideration in respect of the Assignment (if the PICC Placement completes prior to Completion); or (b) to partially repay the New Bank Facility (if the PICC Placement completes after Completion). For further details please refer to the section headed “Proceeds” in part B.
- (6) The number of Units to be issued under the Actual Financing Structure is approximately 215.5 million less than the number of Units to be issued under the Illustrative Financing Structure.
- (7) The total (gross) proceeds is greater than the Total Consideration as part of the total (gross) proceeds will be used to fund the costs associated with conducting the Transaction (including, among other things, underwriting commission and professional fees, which are expected to be approximately RMB200 million).

The table below illustrates the number of Placement Units, Consideration Units and Deferred Units to be issued pursuant to the Actual Financing Structure, and the percentage of issued Units they represent in certain scenarios.

	Number of Units (Million)	Percentage of issued Units outstanding as at the date of this announcement	Percentage of issued Units outstanding as enlarged by the allotment and issue of the Placement and the Consideration Units	Percentage of issued Units outstanding as enlarged by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units (Note 1)
Placement Units (Note 2)	1,092.6	102.5%	39.8%	31.4%
Consideration Units	584.6	54.8%	21.3%	16.8%
Deferred Units (Note 3)	733.3	68.8%	26.7%	21.1%

Notes:

- (1) Based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)

- (2) Consists of 904,586,000 Firm Placement Units, 70,580,000 Option Placement Units and 117,479,000 PICC Placement Units
- (3) Assuming no Deferred Units Adjustment Events eventuate

The actual financing structure complies with the DPU Undertaking (please refer to part F below for further information) as well as the other limits (including but not limited to the Authorised Issue and the constraints on each financing component) set out in the Indebtedness Agreement and the Circular.

There is no acquisition fee payable to the REIT Manager or the Trustee in respect of the Transaction.

B. UNIT PLACEMENT

At the EGM, Unitholders approved, by way of Ordinary Resolution, the Transaction Matters Requiring Approval which include, among others, the issue of the Placement Units, the Consideration Units and the Deferred Units.

An aggregate of 1,092,645,000 Placement Units will be issued pursuant to the Unit Placement comprising: (a) 904,586,000 Firm Placement Units and 70,580,000 Option Placement Units which will be issued to Placees pursuant to the Placing and Underwriting Agreement; and (b) 117,479,000 PICC Placement Units which will be issued pursuant to the Investor pursuant to the PICC Placing Agreement. The Placement Units will be issued at the Issue Price.

(1) Major terms of the Placing and Underwriting Agreement

Date

26 September 2012

Parties

- (a) REIT Manager; and
- (b) the Unit Placement Underwriters, being BOCI Asia Limited, DBS Asia Capital Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited, Morgan Stanley & Co. International plc. and Standard Chartered Securities (Hong Kong) Limited (in alphabetical order), each of whom is an Independent Third Party.

The Placing

The Unit Placement Underwriters has severally agreed, as agents of the REIT Manager, to procure placees to subscribe for 904,586,000 Placement Units in total

(the “**Firm Placement Units**”), at the Issue Price, and in the event that there are any Remaining Units, each Unit Placement Underwriter will as principal subscribe for one-sixth of the total number of Remaining Units at the Issue Price, upon the terms and subject to the conditions set out in the Placing and Underwriting Agreement. In aggregate, the Unit Placement Underwriters will subscribe for all the Remaining Units.

In addition, the REIT Manager has unconditionally and irrevocably granted to the Unit Placement Underwriters the right (the “**Option**”) to require the REIT Manager to procure the REIT to issue up to, but not exceeding, 70,580,000 additional new Placement Units at the Issue Price (the “**Option Placement Units**”). Such Units represent approximately 7.8% of Firm Placement Units and 6.6% of the total number of Units outstanding as at the date of this announcement. The Option shall be exercisable at any time and on one occasion by written notice given by the Unit Placement Underwriters to the REIT Manager, by no later than two hours prior to resumption of trading of the Units on the Stock Exchange.

The Placement Units will be issued to not less than six institutional and/or other professional investors who are Independent Third Parties in an “offshore transaction” pursuant to Regulation S under the Securities Act. The choice of placees for the Placement Units shall be determined solely by the Unit Placement Underwriters, subject to the requirements of the Listing Rules and the REIT Code, and provided that the Unit Placement Underwriters shall not, as far as they are aware, place any of the Placement Units to any person that is not an Independent Third Party (including, without limitation, Yuexiu Property) or to any person whom the REIT Manager has notified to the Unit Placement Underwriters as not being an Independent Third Party.

Each Unit Placement Underwriter shall use reasonable steps to ensure that: (i) the acquisition of Placement Units by the Unit Placement Underwriters, the sub-underwriters (if any) and the placees will not result in any one of them together with its concert parties triggering a mandatory general offer obligation under the Takeovers Code; and (ii) the Unit Placement Underwriters and the sub-underwriters (if any) are not acting in concert (as defined in the Takeovers Code) with the existing Unitholders or with the other Unit Placement Underwriters or sub-underwriters (if any).

As the record date for the Special Distribution and First 2012 Interim Distribution has already passed, the Placement Units will, upon issuance, rank pari passu in all respects with the then existing Units. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placement Units on the Main Board of the Stock Exchange.

There is no lock-up arrangement in respect of the Placement Units.

Issue Price

The Issue Price will be no lower than HK\$3.30 per Unit, and determined by the REIT Manager and the Unit Placement Underwriters on an arm's length basis, having regard to market conditions, before 9:30 a.m. on the Unit Placement Pricing Date (being 26 September 2012). 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 ten trading days immediately prior to the Unit Placement Pricing Date.

In determining the final financing structure, including but not limited to the Issue Price, the REIT Manager will ensure that the DPU Undertaking, as described in section 3.2.1 of the Circular, is complied with.

Conditions

Completion of the Unit Placement is conditional upon the fulfilment of the following conditions:

- (a) there not having occurred any change or development (whether or not permanent) including, but not limited to, a prospective change in the condition, financial or otherwise, or in the general affairs, management, shareholders' equity, earnings, operations or business affairs or in the financial or trading position or prospects of the REIT or any of the companies which are directly or indirectly owned and controlled by the Trustee (the "**Group**") which, in the sole opinion of the Unit Placement Underwriters, in their sole discretion: (i) is or is likely to be materially adverse to or materially or prejudicially affect, the business, financial or trading position, condition or prospects of the REIT or any member of the Group; (ii) has or is likely to have a material adverse effect on or impair the Unit Placement or the marketing or distribution of the Units or dealings in the Units in the secondary market; or (iii) makes it inadvisable, inexpedient or impracticable to proceed with the Unit Placement in the manner contemplated by the Placing and Underwriting Agreement;
- (b) the Stock Exchange having granted the listing of and permission to deal in the Placement Units (and such listing and permission not having been subsequently revoked);
- (c) Yuexiu Property having executed and agreed to the terms of the lock-up undertaking in connection with the Units, as described in the final part of this section below;
- (d) this announcement having been published on the website of the Stock Exchange before trading of the Units resumes on the Stock Exchange;

- (e) there not having been any capital restructuring and/or capital reorganization or redemptions or repurchase of any Units or other securities (including any options, warrants or convertible securities) by the REIT proposed, effected or completed between the date of the Placing and Underwriting Agreement and immediately before Completion;
- (f) none of the Subscription Deed (as supplemented by the Supplemental Subscription Deed), the Indebtedness Agreement (as supplemented by the Supplemental Indebtedness Agreement) and other Transaction Documents (excluding the Deed of Top-up Payments and the Employee Payment Agreement) having been amended, varied, terminated or breached;
- (g) all conditions precedent (other than those relating to the completion of the Unit Placement and the Subscription Deed having become unconditional) contained in the Subscription Deed, the Indebtedness Agreement and other Transaction Documents (excluding the Deed of Top-up Payments and the Employee Payment Agreement) having been fulfilled or waived in accordance with the respective terms of such documents; and
- (h) the Placing and Underwriting Agreement not having been terminated.

In relation to the condition stated in sub-paragraph (c) above, the REIT Manager understands that Yuexiu Property has undertaken to comply with certain lock-up arrangements in connection with the Units, and that there are no material changes to the terms of the lock-up arrangement compared to that set out in section 3.3.1 headed “Financing of the Transaction — Consideration Units — Lock-up Arrangements in Connection with the Issuance of the Consideration Units” of the Circular, other than:

- (a) the subject of the lock-up arrangement being all Units held directly or indirectly by Yuexiu Property (rather than only the Consideration Units as specified in the Circular); and
- (b) the introduction of an exemption to allow Yuexiu Property to dispose of Units prior to the issuance of any Manager Fee Units to the REIT Manager, if such disposal is intended to avoid the issuance of Manager Fee Units (were it to occur) triggering an obligation on the part of Yuexiu Property (and parties acting in concert with it) to make a general offer under Rule 26 of the Takeovers Code for all Units not already owned or agreed to be acquired by them, and provided such disposal is limited to the minimum number of Units required to achieve this objective.

Termination

The Unit Placement Underwriters may immediately terminate the Placing and Underwriting Agreement without liability to the REIT and the REIT Manager by giving notice in writing to the REIT Manager, if at any time prior to Completion:

- (a) any of the conditions has not been satisfied or waived by the Unit Placement Underwriters or, in the reasonable opinion of the Unit Placement Underwriters, any such condition shall have become incapable of fulfilment and the Placing Underwriters shall have determined not to waive fulfilment of such condition;
- (b) there develops, occurs or comes into force any of the following:
 - (i) any change or prospective change (whether or not permanent) in local or international financial, political, military, economic or market (including stock market) conditions or currency exchange rates or exchange controls including any outbreak or escalation of hostilities, terrorism, declaration by the United States, the United Kingdom, any member of the European Union, the PRC or Hong Kong of a national emergency or war or other calamity or crisis;
 - (ii) any suspension of dealings in the Units for any period exceeding three trading days (other than as a result of the Unit Placement), or any cancellation of the listing of the Units, on the Stock Exchange;
 - (iii) any adverse announcement, determination or ruling of any governmental or other regulatory body against the REIT or the REIT Manager;
 - (iv) a general moratorium on commercial banking activities in the PRC or the United Kingdom or any member of the European Union or the United States or Hong Kong by any PRC, United Kingdom, New York State, United States federal or Hong Kong authorities;
 - (v) any moratorium, suspension or material restriction or limitation in trading in shares or securities generally on the Stock Exchange, any stock exchange in the People's Republic of China, the New York Stock Exchange, the NASDAQ Stock Market, Inc. or the London Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (vi) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof in relevant jurisdictions.

which in the sole opinion of the Unit Placement Underwriters: (i) has or is likely to have a material adverse effect on the financial position of the Group as a whole; (ii) is likely to prejudice materially the success of the Unit Placement or distribution of the Units or dealing in the Units in the secondary market; or (iii) makes it impracticable or inadvisable or inexpedient to proceed with the Unit Placement;

- (c) it has come to the attention of any Unit Placement Underwriter at any time prior to Completion, of any breach of, or any event rendering untrue, incorrect, or misleading, any of the representations, warranties, undertakings, or obligations by the REIT Manager contained in the Placing and Underwriting Agreement; or
- (d) the Trustee or the REIT Manager seeks to retire, or is removed, or has received a notice for its removal, as the trustee or manager (as the case may be) of the REIT.

(2) Major Terms of the PICC Placing Agreement

Date

26 September 2012

Parties

- (a) REIT Manager; and
- (b) PICC Asset Management Company Limited.

The PICC Placement

Pursuant to the PICC Placing Agreement, the Investor (being PICC Asset Management Company Limited) has agreed to subscribe for such number of new Placement Units with an aggregate value of US\$50 million (approximately RMB317 million) (the “**PICC Placement Units**”) at the Issue Price (the “**PICC Placement**”). The Investor is a professional investor who is an Independent Third Party in an “offshore transaction” pursuant to Regulation S under the Securities Act.

Conditions

Subscription of the PICC Placement Units (and therefore the issuance of such PICC Placement Units) is conditional upon:

- (a) the China Insurance Regulatory Commission’s policies or regulations permitting the use of insurance funds by PICC Property and Casualty Company Limited to invest in real estate investment trusts listed outside the PRC, and attainment by PICC Property and Casualty Company Limited of the relevant qualifications;
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the PICC Placement Units; and
- (c) the subscription not violating any other laws or regulations that contain prohibitive restrictions.

Termination

If the conditions are not fulfilled or, in respect of the conditions listed in (a) and (b) above, waived by the Investor on or before 15 December 2012 or such other date as may be agreed between the parties, then the PICC Placing Agreement and all rights and obligations under the agreement will cease and terminate.

As Completion will have taken place before this date, the Transaction will not be affected if the PICC Placement is terminated. However, the expected proceeds of the PICC Placing Agreement will not be available to partially repay the New Bank Facility (see impact on gearing ratio in part H). For further information, please see the section headed “proceeds” in part B below.

Closing

Closing of the PICC Placement will take place within 48 hours following the receipt by the Investor of the REIT Manager’s confirmation that the conditions have been fulfilled or waived (as the case may be) (the “**Closing Date**”).

At the closing of the PICC Placement: (a) the Investor will pay the aggregate Issue Price for the PICC Placement Units to the REIT in Hong Kong dollars, as directed by the REIT Manager; and (b) the REIT Manager will allot and issue the PICC Placement Units to the Investor, and will deliver to the Investor certificates in respect of the PICC Placement Units.

(3) Results of the Unit Placement

Pursuant to the Unit Placement, the REIT will issue all 904,586,000 Firm Placement Units to Placees at an Issue Price of HK\$3.30 per Unit on the Completion Date. The Unit Placement Underwriters have also exercised their Option, pursuant to which the REIT Manager will procure that the REIT issue 70,580,000 Option Placement Units to Placees at the same Issue Price. Also, based on the Issue Price, 117,479,000 PICC Placement Units will be issued to the Investor pursuant to the PICC Placing Agreement. In total, the REIT will issue 1,092,645,000 Placement Units pursuant to the Unit Placement.

The total Placement Units to be issued pursuant to the Unit Placement (including the PICC Placement): (a) represent approximately 102.5% of the total number of Units outstanding as at the date of this announcement; (b) will represent approximately 39.8% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units and the Consideration Units; and (c) will represent approximately 31.4% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units, the Consideration Units, and the Deferred

Units (based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)).

(4) Proceeds

The gross proceeds from the Unit Placement (including the PICC Placement) will be approximately RMB2,950 million, and the net proceeds to be raised from the Unit Placement (including the PICC Placement) will be approximately RMB2,750 million.

The net proceeds of the Unit Placement will be applied towards the settlement of the cash portion of the consideration for the Assignment at Completion, subject to the limit expressed in the Indebtedness Agreement and summarised in the Circular, specifically, no more than RMB5,450 million of the Total Consideration shall be satisfied from the aggregate of the proceeds from the Unit Placement and the issuance of Consideration Units at the Issue Price.

If, however, closing of the PICC Placement has not occurred by 3 October 2012, being the latest date to issue a draw down notice under the New Bank Facility, an amount equivalent to the expected proceeds of the PICC Placement will be additionally drawn down under the New Bank Facility to finance the consideration in respect of the Assignment. If and when the PICC Placement subsequently completes, the proceeds of the PICC Placement will indirectly be applied towards the settlement of the cash portion of the consideration for the Assignment, via the partial repayment of the amount drawn down under the New Bank Facility.

C. CONSIDERATION UNITS

Upon Completion, approximately 584.6 million new Units will be issued to YXP Nominee as Consideration Units at the Issue Price of HK\$3.30 per Unit.

As the record date for the Special Distribution and First 2012 Interim Distribution has already passed, the Consideration Units will, upon issuance, rank *pari passu* in all respects with the then existing Units. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Units on the Main Board of the Stock Exchange.

The Consideration Units: (a) represent approximately 54.8% of the total number of Units outstanding as at the date of this announcement; (b) will represent approximately 21.3% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units and the Consideration Units; and (c) will represent approximately 16.8% of the total number of Units outstanding as enlarged

by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units (based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)).

D. DEFERRED UNITS

Approximately RMB2,400 million of the consideration for the Assignment is to be settled through the issuance of Deferred Units to YXP Nominee at the Initial Deferred Units Issue Price of HK\$4.00 per Unit (subject to adjustment). Based on the above, and assuming no Deferred Units Adjustment Events eventuate, it is expected that approximately 733.3 million Deferred Units will be issued to YXP Nominee. The Deferred Units: (a) represent approximately 68.8% of the total number of Units outstanding as at the date of this announcement; (b) will represent approximately 26.7% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units and the Consideration Units; and (c) will represent approximately 21.1% of the total number of Units outstanding as enlarged by the allotment and issue of the Placement Units, the Consideration Units and the Deferred Units (based on all of the Deferred Units being issued at the Initial Deferred Units Issue Price and assuming that no additional Units are issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement)).

As stated in the Circular, commencing from 31 December 2016, the REIT will, on 31 December of each year, issue to YXP Nominee such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to Yuexiu Property (or YXP Nominee) and its concert parties which, 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.

Based on the expected number of Deferred Units to be issued, and assuming no additional Units will be issued post-Completion (other than Manager Fee Units to be issued pursuant to the Manager Fee Units Arrangement), it is expected that all of the Deferred Units will be issued by 31 December 2023.

The Deferred Units will, upon issuance, rank *pari passu* in all respects with the then existing Units. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Deferred Units on the Main Board of the Stock Exchange.

E. NEW BANK FACILITY

On 26 September 2012, the Borrower (as borrower) entered into the Facility Agreement in respect of the New Bank Facility with: (i) the banks and financial institutions named in the Facility Agreement as lenders including, among others, DBS Bank Ltd., Hong Kong Branch (the “**Lenders**”); (ii) DBS Bank Ltd., Hong Kong Branch acting as agent (the “**Agent**”); and (iii) DBS Bank Ltd., Hong Kong Branch acting as security trustee (the “**Security Trustee**”). To the best knowledge, information and belief of the REIT Manager, having made all reasonable enquiries, each of the Lenders is an Independent Third Party.

The New Bank Facility relates to a Hong Kong dollar 3-year term loan facility of up to an aggregate principal amount of HK\$2,980 million, bearing an interest rate of 2.8% per annum above the HIBOR rate applicable to the relevant interest period selected by the Borrower, with such interest being payable on the last day of each interest period. The New Bank Facility will mature and the outstanding principal amount will become repayable 36 months from the date on which the Borrower draws down on the New Bank Facility. There are no upfront costs relating to the New Bank Facility.

The New Bank Facility will be secured by, among others: (1) irrevocable and unconditional joint and several guarantees from the Trustee (in its capacity as trustee of the REIT), Tower Top, the BVI SPVs and the HK Companies; (2) a first priority charge over the Subscription Shares; (3) a first priority charge over the entire issued capital of each of the Borrower, the BVI SPVs and the HK Companies; (4) a first priority pledge over the entire equity interest in the PRC WFOEs (if permissible under PRC law); and (5) a first priority charge over all current and future assets of the Borrower, Tower Top, the BVI SPVs and the HK Companies (except for those subject to the existing asset pledge).

There are no material changes to the terms of the New Bank Facility compared to that set out in the Circular other than: (a) a change in the aggregate principal amount of the facility from not less than HK\$1,500 million (as stated in the Circular) to an aggregate principal amount of HK\$2,980 million (as stated above); (b) the flexibility of the Borrower to select the interest periods (and consequentially, the applicable HIBOR rate) as opposed to a fixed three month interest period and HIBOR rate (as stated in the Circular); and (c) the addition of other lenders to the New Bank Facility (the Circular only stated that DBS Bank Ltd would be a party).

The New Bank Facility will be drawn down as to approximately HK\$2,592 million on the Completion Date, or alternatively, if the PICC Placement has not completed by 3 October 2012, being the latest date to issue a draw down notice under the New Bank Facility, an amount equivalent to the expected proceeds of the PICC

Placement (i.e. HK\$388 million) will be additionally drawn down under the New Bank Facility (so that the total amount drawn down is HK\$2,980 million) with such funds applied towards the Subscription Monies, part of the consideration payable to Yuexiu Property in respect of the Assignment and certain costs associated with conducting the Transaction. Such amount drawn down will be partially repaid upon completion of the PICC Placement (see section headed “Proceeds” in part B). In determining the final financing structure, including but not limited to the amount drawn down under the New Bank Facility, the REIT Manager will ensure that the DPU Undertaking, as described in section 3.2.1 of the Circular, is complied with.

With due consideration of the terms of the Facility Agreement in respect of the New Bank Facility, the Board of the REIT Manager (including the independent non-executive directors) considers that such Facility Agreement is carried out at arm’s length on normal commercial terms, are fair and reasonable, and are in the interest of the Unitholders as a whole.

Due to the recent comparatively stable and low interest rate environment, the REIT Manager has not entered into any new hedging arrangements and may be exposed to interest rates fluctuations. The REIT Manager will continue to monitor interest rate and foreign currency exchange rate movements closely and will consider putting in place prudent financial arrangements, as and when necessary depending on market conditions, for the benefits of Unitholders.

F. DPU UNDERTAKING

Pursuant to the DPU Undertaking, the REIT Manager undertook to the Trustee that it will only proceed with the Transaction if DPU from Enlarged Portfolio (as defined in the Circular) is no more than RMB0.018 below DPU from Existing Properties (as defined in the Circular) calculated as at the Completion Date and taking into account certain variables set out in the Circular.

Based on the Actual Financing Structure, the terms of the Placing and Underwriting Agreement, the PICC Placing Agreement and the New Bank Facility, the REIT Manager has confirmed to the Trustee that DPU from Enlarged Portfolio, being approximately RMB0.2063, calculated as at the Completion Date, by making adjustments to the Profit Forecast in order to take into account:

- (1) the actual number of Placement Units and Consideration Units issued and the Issue Price thereof;
- (2) the amount drawn down under the New Bank Facility and the interest rate of the New Bank Facility,

(and provided that, for the avoidance of doubt, except as set forth above or in the definition of DPU from Enlarged Portfolio, no other adjustments shall be made to the Profit Forecast in calculating the DPU from Enlarged Portfolio as at the Completion Date, whether to take account of the financial results of the REIT for the period up to the Completion Date or otherwise)

is no more than RMB0.018 below DPU from Existing Properties (being RMB0.2197).

The reporting accountants for the REIT have confirmed to the REIT Manager that: (a) the methodology, bases and assumptions for calculating DPU from Enlarged Portfolio (that is, the above adjustments to the Profit Forecast) are the same as that prescribed in the DPU Undertaking summarised in the Circular; and (b) such calculation of DPU from Enlarged Portfolio is arithmetically accurate.

Both DPU from Existing Properties and DPU from Enlarged Portfolio are terms defined in the Circular, and pursuant to their definitions, are based on the assumptions set out in the profit forecast set out in Appendix 5 of the Circular. Accordingly, they do not represent the actual DPU or guaranteed DPU that a Unitholder would receive for the Forecast Period if they were eligible to receive all of the distributions made or to be made by the REIT for the Forecast Period.

Unitholders should note that DPU from Enlarged Portfolio does not take into account the Special Distribution, which is a one-off distribution to Qualifying Unitholders that is conditional upon Completion and further described in the Circular. Also, as DPU from Enlarged Portfolio only relates to the Forecast Period, it does not take into account the Deferred Units that will only be issued from 2016 onwards, as well as the Manager Fee Units to be issued from 1 January 2013 to 31 December 2017 pursuant to the Manager Fee Units Arrangement, which will have a dilutive impact on DPU at the time of issuance.

G. CHANGES TO THE UNITHOLDING STRUCTURE

As at the date of this announcement, as far as the REIT Manager is aware, the holdings of Units before and after the issuance of the Placement Units, Consideration Units and Deferred Units, before and after completion of the PICC Placement, is as follows:

Before completion of the PICC Placement

	As at the date of this announcement		After issuance of the Consideration Units and the Placement Units			After issue of the Consideration Units, the Placement Units and the Deferred Units (assuming that no additional Units are issued post -Completion other than Manager Fee Units issued pursuant to the Manager Fee Units Arrangement)		
	Number of Units	% Unit-holding	Newly issued Units	Total number of Units	% Unit-holding	Newly issued Units	Total number of Units	% Unit-holding
Yuexiu Property (Note 1)	379,253,182	35.58%	584,592,054	963,845,236	36.71%	1,317,872,810	1,697,125,992	50.52%
Yue Xiu (Notes 2 and 3)	9,261,585	0.87%	—	9,261,585	0.35%	—	9,261,585	0.28%
Mr. Tang Shouchun (Note 4)	4,750	0.00%	—	4,750	0.00%	—	4,750	0.00%
Mr. Chen Zhihong (Note 4)	45,450	0.00%	—	45,450	0.00%	—	45,450	0.00%
Mr. Lee Ka Lun (Note 4)	2,625	0.00%	—	2,625	0.00%	—	2,625	0.00%
Mr. Li Feng (Note 4)	1,825	0.00%	—	1,825	0.00%	—	1,825	0.00%
Subtotal	388,569,417	36.45%	584,592,054	973,161,471	37.06%	1,317,872,810	1,706,442,227	50.80%
Existing Public Unitholders	677,403,270	63.55%	—	677,403,270	25.80%	—	677,403,270	20.17%
Unit Placement Unitholders								
- Placees	—	0.00%	975,166,000	975,166,000	37.14%	975,166,000	975,166,000	29.03%
- PICC	—	0.00%	—	—	0.00%	—	—	0.00%
Subtotal	677,403,270	63.55%	975,166,000	1,652,569,270	62.94%	975,166,000	1,652,569,270	49.20%
Total	1,065,972,687	100.00%	1,559,758,054	2,625,730,741	100.00%	2,293,038,810	3,359,011,497	100.00%

Note 1: The Units are held by Yuexiu Property indirectly (through its wholly-owned subsidiary).

Note 2: 100% of the issued share capital of Yue Xiu is owned by GZYY.

Note 3: The Units are held by Yue Xiu directly and indirectly (through its various wholly-owned subsidiaries).

Note 4: Mr. Tang Shouchun, Mr. Chen Zhihong, Mr. Lee Ka Lun and Mr. Li Feng are non-public Unitholders.

After completion of the PICC Placement

	As at the date of this announcement		After issuance of the Consideration Units and the Placement Units			After issue of the Consideration Units, the Placement Units and the Deferred Units (assuming that no additional Units are issued post -Completion other than Manager Fee Units issued pursuant to the Manager Fee Units Arrangement)			
	Number of Units	% Unit-holding	Newly issued Units	Total number of Units	% Unit-holding	Newly issued Units	Total number of Units	% Unit-holding	
Yuexiu Property (Note 1)	379,253,182	35.58%	584,592,054	963,845,236	35.14%	1,317,872,810	1,697,125,992	48.82%	
Yue Xiu (Notes 2 and 3)	9,261,585	0.87%	—	9,261,585	0.34%	—	9,261,585	0.27%	
Mr. Tang Shouchun (Note 4)	4,750	0.00%	—	4,750	0.00%	—	4,750	0.00%	
Mr. Chen Zhihong (Note 4)	45,450	0.00%	—	45,450	0.00%	—	45,450	0.00%	
Mr. Lee Ka Lun (Note 4)	2,625	0.00%	—	2,625	0.00%	—	2,625	0.00%	
Mr. Li Feng (Note 4)	1,825	0.00%	—	1,825	0.00%	—	1,825	0.00%	
Subtotal	388,569,417	36.45%	584,592,054	973,161,471	35.48%	1,317,872,810	1,706,442,227	49.09%	
Existing Public Unitholders	677,403,270	63.55%	—	677,403,270	24.69%	—	677,403,270	19.49%	
Unit Placement Unitholders									
- Placees	—	—	975,166,000	975,166,000	35.55%	975,166,000	975,166,000	28.05%	
- PICC	—	—	117,479,000	117,479,000	4.28%	117,479,000	117,479,000	3.38%	
Subtotal	677,403,270	63.55%	1,092,645,000	1,770,048,270	64.52%	1,092,645,000	1,770,048,270	50.91%	
Total	1,065,972,687	100.00%	1,677,237,054	2,743,209,741	100.00%	2,410,517,810	3,476,490,497	100.00%	

Note 1: The Units are held by Yuexiu Property indirectly (through its wholly-owned subsidiary).

Note 2: 100% of the issued share capital of Yue Xiu is owned by GZYG.

Note 3: The Units are held by Yue Xiu directly and indirectly (through its various wholly-owned subsidiaries).

Note 4: Mr. Tang Shouchun, Mr. Chen Zhihong, Mr. Lee Ka Lun and Mr. Li Feng are non-public Unitholders.

Based on the above, more than 25% of the issued and outstanding units of the REIT will be held in public hands after issuance of the Placement Units and Consideration Units.

H. FINANCIAL EFFECTS OF THE TRANSACTION

The following table sets forth the total capitalization of the REIT as at 31 December 2011 to illustrate the potential impact of the Transaction on the financial position and the capital structure of the REIT. The following information is presented for illustrative purposes only and is based on the pro forma balance sheet of the REIT as at 31 December 2011 set out in Appendix 3 to the Circular (substituting the Illustrative Financing Structure for the Actual Financing Structure, which assumes that the PICC Placement has completed) and other assumptions outlined below. The REIT Manager considers these assumptions to be appropriate and reasonable as at the date of this announcement. However, investors and Unitholders should consider the information outlined below in the light of such assumptions and make their own assessment of the future performance of the REIT.

	Existing Properties Only <i>(Note 1)</i>	Enlarged Portfolio <i>(Note 2)</i>
	<i>(RMB billion, except for percentage)</i>	
Total borrowings	2.0	8.6
Total assets	7.4	23.3
Total Unitholders' equity <i>(Note 3)</i>	5.1	12.1
Total capitalization <i>(Note 4)</i>	7.1	20.7

Notes:

- (1) Based on the audited financial results of the REIT as at 31 December 2011, with the assumption that the Transaction has not completed.
- (2) Based on the Actual Financing Structure set out above.
- (3) Based on the unaudited pro forma balance sheet of the REIT as at 31 December 2011 set out in Appendix 3 to the Circular, the value of the Existing Properties and the Property contained therein have not reflected the latest appraised value (being RMB6,626 million and RMB15,370 million as at 31 March 2012 respectively). Had the revaluation been reflected, the total assets would increase by RMB1,793 million (due to the increase in value of Existing Properties and the Property by RMB150 million and RMB1,643 million respectively) and the total unitholders' equity would increase by RMB1,325 million (due to the corresponding increase in deferred taxation of RMB5 million and RMB463 million respectively). This would result in the total unitholders' equity becoming RMB14.0 billion.
- (4) Aggregate of total borrowings and total Unitholders' equity.

Pursuant to the REIT Code, the REIT's aggregate borrowings shall not at any time exceed 45.0% of the REIT's total gross asset value. The gearing ratio as at 30 June 2012 (as stated in the REIT's interim results for the six months ended 30 June 2012) is 26.3%.

Based on the information provided by the unaudited pro forma consolidated balance sheet of the REIT set out in Appendix 3 to the Circular, which is based on the Illustrative Financing Structure, the gearing ratio of the Enlarged Portfolio taking into consideration the New Bank Facility is expected to be approximately 33% as at 31 December 2011, reflecting certain permissible pro forma adjustments as at that date.

To reflect the latest valuation of the Enlarged Portfolio and the New Bank Facility, the REIT Manager considers that the calculation of gearing ratio can take into account: (a) the Appraised Value (being RMB15,370 million as at 31 March 2012) and a corresponding increase in the asset base of the Enlarged Portfolio; and (b) the Actual Financing Structure which supersedes the Illustrative Financing Structure upon which the unaudited pro forma consolidated balance sheet of the REIT was based. On this basis, the gearing ratio of the Enlarged Portfolio taking into consideration the New Bank Facility is expected to reach approximately 34% upon Completion. If the completion of the PICC Placing and subsequent use of proceeds to partially repay the New Bank Facility is not taken into account (for example, if the PICC Placing is not completed), the gearing ratio of the Enlarged Portfolio is expected to increase to approximately 35%.

The REIT Manager has not taken into account the Deferred Units in calculating the total borrowings used to determine the gearing ratio, as they will be classified as net assets attributable to Unitholders, rather than as a borrowings, on the balance sheet of the REIT.

I. VIEW OF THE BOARD AND TRUSTEE

View of the Board

Taking into account the current market conditions, the Board (including all the independent non-executive directors) considers that the terms and conditions of the Placing and Underwriting Agreement (including the minimum Issue Price) and the PICC Placing Agreement are at arm's length, on normal commercial terms, fair and reasonable, and in the interest of the Unitholders as a whole.

Additionally, the Board notes that the conditions to the PICC Placement Agreement may not be satisfied prior to Completion, and accordingly, the Placement Units to be issued therein may not be issued at Completion, as contemplated in the Circular. However, taking into account the reputation of PICC Property and Casualty Company Limited and the expected reduction of gearing ratio (once the proceeds of the PICC Placement Units are received and used to partially repay the amount drawn down under the New Bank Facility), the REIT Manager (including all the independent non-executive directors) considers that the PICC Placement is in the interests of the REIT to give effect to the Transaction Matters Requiring Approval generally.

The REIT Manager considers that the only primary differences between the present transaction structure as set out in this announcement, and the transaction structure set out in the Circular, are that if the conditions precedent to the PICC Placement are not satisfied by Completion: (i) the PICC Placement Units will not be issued at Completion; and (ii) the proceeds of the PICC Placement will not be directly applied towards the settlement of the cash portion of the consideration for the Assignment at Completion. However, taking into account advice from its legal advisers, the Board does not consider these differences to amount to a material variation of the terms set out in the Circular.

Also, the REIT Manager confirms that the terms of the present transactions, including the transactions contemplated under the PICC Placing Agreement, as set out above, are consistent with the terms set out in the Circular and fall within the approval granted by the Independent Unitholders at the EGM.

View of the Trustee

Based on the Manager's confirmation to the Trustee that the PICC Placement is in the interest of the REIT, and the opinion of the Independent Financial Adviser, the Trustee has no objection to the PICC Placement

J. COMPLETION AND FURTHER ANNOUNCEMENTS

Completion is expected to occur on or around 8 October 2012. As soon as practicable following Completion, the REIT Manager will issue an announcement setting forth further details as to the actual terms of the Transaction, including but not limited to, the amounts drawn down under the New Bank Facility. A further announcement will be issued by the REIT Manager as soon as practicable after the completion accounts and the working capital statement have been finalised.

Also, an announcement will be issued by the REIT Manager at the time the PICC Placement is completed, or if the PICC Placement has not completed by 15 December 2012, an announcement will in any event be issued on 15 December 2012 to keep investors informed of the progress of the PICC Placement.

K. RESUMPTION OF TRADING

At the request of the REIT, trading in the Units of the REIT on the Stock Exchange was suspended from 9:03 a.m. on 26 September 2012 pending the release of this announcement. The REIT has applied to the Stock Exchange for resumption of trading in its Units on the Stock Exchange with effect from 9:00 a.m. on 27 September 2012.

The Transaction and the Unit Placement (including the PICC Placement) are conditional upon the fulfilment of conditions under the Placing and Underwriting Agreement (in respect of the Transaction and Unit Placement) and PICC Placing Agreement (in respect of the PICC Placement), and accordingly, may or may not complete. Unitholders, as well as any prospective investors of the REIT, are advised to exercise caution when dealing in the Units.

L. DEFINITIONS

Actual Financing Structure	has the meaning given to this term in the part A of this announcement
Agent	has the meaning given to this term in the section headed “New Bank Facility” in part E of this announcement
Completion Date	the date which Completion is expected to occur, being on or around 8 October 2012
Firm Placement Units	has the meaning given to this term in the section headed “The Placing” in part B of this announcement
Group	the REIT and the companies which are, from time to time, directly or indirectly owned and controlled by the Trustee in its capacity as the trustee of the REIT
Initial Deferred Units Issue Price	HK\$4.00 per Unit, being the higher of such price and the Issue Price
Investor	PICC Asset Management Company Limited, a professional investor who is an Independent Third Party in an “offshore transaction” pursuant to Regulation S under the Securities Act
Issue Price	HK\$3.30 per Unit, as determined by the REIT Manager and the Unit Placement Underwriters on an arm’s length basis, having regard to market conditions
Lenders	has the meaning given to this term in the section headed “New Bank Facility” in part E of this announcement
New Bank Facility	the Hong Kong dollar 3-year term loan facility of up to an aggregate principal amount of HK\$2,980 million, entered into by the Borrower on 26 September 2012 for the purposes of financing the Transaction, as described further in part E of this announcement

Option	has the meaning given to this term in the section headed “The Placing” in part B of this announcement
Option Placement Units	Placement Units issued pursuant to the Option
PICC Placing Agreement	has the meaning given to this term in the section headed “Major Terms of the PICC Placing Agreement” in part B of this announcement
Placees	professional investors who are Independent Third Parties in an “offshore transaction” pursuant to Regulation S under the Securities Act
Placing and Underwriting Agreement	the placing and underwriting agreement in respect of the Unit Placement, dated 26 September 2012 and entered into between the REIT Manager and the Unit Placement Underwriters
Placement Units	The Units proposed to be issued pursuant to the Unit Placement, which includes the Firm Placement Units, Option Placement Units and PICC Placement Units
PICC Placement	has the meaning given to this term in the section headed “The PICC Placement” in part B of this announcement
PICC Placement Units	has the meaning given to this term in the section headed “The PICC Placement” in part B of this announcement
Remaining Units	the Firm Placement Units which have not been subscribed for by placees
Security Trustee	has the meaning given to this term in the section headed “New Bank Facility” in part E of this announcement
Transaction Documents	the Subscription Deed, the Supplemental Subscription Deed, the Indebtedness Agreement, the Supplemental Indebtedness Agreement, the Settlement Agency Agreement, the Naming Rights Agreement and the Founding Shareholders Guarantee
Unit Placement Pricing Date	26 September 2012

Unit Placement Underwriters	BOCI Asia Limited, DBS Asia Capital Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited, Morgan Stanley & Co. International plc. and Standard Chartered Securities (Hong Kong) Limited (in alphabetical order), each of whom is an Independent Third Party
YXP Nominee	Dragon Yield Holding Limited, a wholly-owned subsidiary of Yuexiu Property designated by Yuexiu Property for the purposes of holding the Consideration Units and Deferred Units in accordance with the Indebtedness Agreement

For the purpose of this announcement and for illustration purposes only, amounts denominated in RMB have been converted into HK\$ using the exchange rate of RMB0.81824 = HK\$1.00. No representation is made that any amount in HK\$ or RMB could have been or could be converted at such rate or at any other rates at all.

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

Hong Kong, 27 September 2012

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

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