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越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

ANNOUNCEMENT

(I) VERY SUBSTANTIAL DISPOSAL IN RESPECT OF GUANGZHOU INTERNATIONAL FINANCE CENTER AND RELATED MATTERS; AND

(II) RESUMPTION OF TRADING

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

Total Consideration in respect of the Transaction

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 the Company (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 compared to the illustrative financing structure set out in the Circular is set out in section A of this announcement.

Cash Portion of the Consideration

As set out in the REIT Announcement, the cash portion of the consideration for the Assignment will be paid to the Company out of the proceeds of the Unit Placement and the New Bank Facility. The total cash portion of the consideration for the Assignment is approximately RMB4,871 million.

Consideration Units

Upon Completion, 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 Company has undertaken to comply with certain lock-up arrangements in connection with the Units, including the Consideration Units, further details of which are provided below. There are no material changes to the terms of the lock-up arrangement compared to that set out in section D.3 headed “Financing of the Transaction — Consideration Units” of the Circular, other than those set out in section C of this announcement.

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 733.3 million Deferred Units will be issued to YXP Nominee.

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 the Company (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 the Company (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.

Ownership of the REIT

Immediately after Completion and issuance of the Consideration Units to YXP Nominee and the Placement Units, the number of Units held by Yuexiu Property Group will increase from 379,253,182 Units to 963,845,236 Units, whilst its percentage unitholding of the REIT will change slightly from 35.58% to 35.14%.

Completion and Further Announcements

Completion is expected to occur on or around 8 October 2012. As soon as practicable following Completion, the Company will issue an announcement setting forth further details as to the actual terms of the Transaction.

Resumption of Trading

At the request of the Company, trading in the Shares of the Company on the Stock Exchange was suspended from 9:03 a.m. on 26 September 2012 pending the release of this announcement. The Company 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 are conditional upon the fulfilment of conditions under the Placing and Underwriting Agreement, and accordingly, may or may not complete. Shareholders, as well as any prospective investors of the Company, are advised to exercise caution when dealing in the Shares.

A. ACTUAL FINANCING STRUCTURE

Reference is made to the joint announcement of the REIT and the Company dated 28 May 2012 and the circular of the Company dated 30 June 2012 (the “**Circular**”). Unless defined in section G of this announcement, terms used herein shall have the same meaning as those defined in the Circular.

As disclosed in the joint announcement and the Circular, the Transaction involves the proposed disposal of Guangzhou International Finance Centre by the Company 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 the Company.

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 the Company (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. Based on the representations of the REIT Manager and as stated in the REIT Announcement, set out below is the actual financing structure to be adopted in respect of the Transaction (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%
Deferred Units	RMB2,400 million	RMB2,400 million	741.0	733.3	69.5%	68.8%	20.1%	21.1%
Cash Portion								
Unit Placement (Note 5)	RMB3,478 million	RMB2,950 million	1,206.0	1,092.6	113.3%	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 an Issue Price of HK\$3.30 per Unit, as stated in the Placing and Underwriting Agreement, 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 3,477 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 a portion of the proceeds of the Unit Placement having been used to partially repay the New Bank Facility as set out in the REIT Announcement.
- (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).

As set out in the REIT Announcement, the actual financing structure complies with the DPU Undertaking 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.

B. CASH PORTION OF CONSIDERATION

As set out in the REIT Announcement, the cash portion of the consideration for the Assignment will be paid to the Company out of the proceeds of the Unit Placement pursuant to the Placing and Underwriting Agreement entered into between the REIT Manager and the Unit Placement Underwriters, and the New Bank Facility entered into by and among: (i) the banks and financial institutions named in the Facility Agreement as lenders including, among others, DBS Bank Ltd., Hong Kong Branch; (ii) DBS Bank Ltd., Hong Kong Branch acting as agent; and (iii) DBS Bank Ltd., Hong Kong Branch acting as security trustee. The total cash portion of the consideration for the Assignment is approximately RMB4,871 million.

Further details relating to the terms of the Placing and Underwriting Agreement, and the New Bank Facility are set out in the REIT Announcement.

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.

The Issue Price of HK\$3.30 per Consideration Unit is equal to the Issue Price of the Placement Units, and was determined by the REIT Manager and the Unit Placement Underwriters on an arm's length basis, having regard to market conditions. The Issue Price of HK\$3.30 represents a discount of approximately 11.5% to the average closing price of HK\$3.73 per Unit as quoted on the Stock Exchange for the ten trading days immediately prior to the Unit Placement Pricing Date, and thus is not 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.

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)).

The Company has undertaken to comply with certain lock-up arrangements in connection with the Units. There are no material changes to the terms of the lock-up arrangement compared to that set out in section D.3 headed “Financing of the Transaction — Consideration Units” of the Circular, other than:

- (a) the subject of the lock-up arrangement being all Units held directly or indirectly by the Company (rather than only the Consideration Units as specified in the Circular); and
- (b) the introduction of an exemption to allow the Company 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 the Company (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.

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, which 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 the Company (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 the Company (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.

E. OWNERSHIP OF THE REIT

Immediately after Completion and issuance of the Consideration Units to YXP Nominee and the Placement Units, the number of Units held by Yuexiu Property Group will increase from 379,253,182 Units to 963,845,236 Units, whilst its percentage unitholding of the REIT will change from 35.58% to 35.14%. Further details relating to the holdings of Units by the Yuexiu Property Group and other Unitholders as at the date of the REIT Announcement before and after the issuance of the Placement Units, Consideration Units and Deferred Units are set out in the REIT Announcement.

F. COMPLETION AND FURTHER ANNOUNCEMENTS

Completion is expected to occur on or around 8 October 2012. As soon as practicable following Completion, the Company will issue an announcement setting forth further details as to the actual terms of the Transaction.

The Transaction and the Unit Placement are conditional upon the fulfilment of conditions under the Placing and Underwriting Agreement, and accordingly, may or may not complete. Shareholders, as well as any prospective investors of the Company, are advised to exercise caution when dealing in the Shares.

G. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares of the Company on the Stock Exchange was suspended from 9:03 a.m. on 26 September 2012 pending the release of this announcement. The Company 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.

H. DEFINITIONS

“Actual Financing Structure”	has the meaning given to this term in the section A of this announcement
“Circular”	has the meaning given to this term in the section A of this announcement
“Completion Date”	the date which Completion is expected to occur, being on or around 8 October 2012
“Company”	Yuexiu Property Company Limited
“Initial Deferred Units Issue Price”	HK\$4.00 per Unit, being the higher of such price and the Issue Price
“Issue Price”	HK\$3.30 per Unit
“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
“Placing and Underwriting Agreement”	the placing and underwriting agreement in respect of Unit Placement, dated 26 September 2012 and entered into between the REIT Manager and the Unit Placement Underwriters
“REIT Announcement”	the announcement of the REIT Manager dated 27 September 2012 in respect of the Transaction, entry into the Placing and Underwriting Agreement and entry into the New Bank Facility
“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)

“YXP Nominee”

Dragon Yield Holding Limited, a wholly-owned subsidiary of the Company designated by the Company 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

LU Zhifeng

Chairman

Hong Kong, 27 September 2012

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

Executive Directors:

LU Zhifeng (Chairman), ZHANG Zhaoxing, LIANG Yi, TANG Shouchun, CHEN Zhihong and LAM Yau Fung Curt

*Independent Non-executive
Directors:*

YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose