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

VOLUNTARY ANNOUNCEMENT

PUBLICATION OF SUMMARY ANNUAL PROPERTY VALUATION REPORT

The Board wishes to announce that the Summary Annual Property Valuation Report has been published in the Appendix to this announcement.

Reference is made to: (i) the circular of Yuexiu Property Company Limited ("**YXP**") dated 18 March 2019 regarding its entry into agreements in respect of a series of transactions involving, among other things, a proposed issue of new shares of YXP to the counterparty in the subscription transaction, and the controlling shareholder of YXP's application for a waiver in respect of the mandatory general offer obligations which would otherwise arise upon completion of the issuance, such waiver being subject to, among other things, approval by the independent shareholders of YXP (the "**YXP Whitewash Circular**"); and (ii) the announcement of Yuexiu Real Estate Investment Trust ("**Yuexiu REIT**") dated 25 February 2019 regarding the final results of Yuexiu REIT for the year ended 31 December 2018 (the "**YXR Final Results Announcement**").

The Board notes that the YXP Whitewash Circular contains, among other things, a summary report issued by Savills Valuation and Professional Services Limited to YXP on the valuation of Yuexiu REIT's properties as at 31 December 2018 as an appendix thereto. Such summary report is consistent with the YXR Final Results Announcement and the summary valuation report issued by Savills Valuation and Professional Services Limited (in its capacity as the principal valuer of Yuexiu REIT) to the manager (the "**Manager**") and the trustee (the "**Trustee**") of Yuexiu REIT on the valuation of Yuexiu REIT's properties as at 31 December 2018, the latter of which is appended to this announcement (the "**Summary Annual Property Valuation Report**"). The Summary Annual Property Valuation Report is a summary of the full report issued to the Manager and the Trustee on 25 February 2019, which will be included in the annual report of Yuexiu REIT for the year ended 31 December 2018 and is available for inspection at the Manager's office in the meantime.

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, 18 March 2019

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

Executive Directors:	*Mr. LIN Deliang (Chairman) and Mr. CHENG Jiuzhou*
Non-executive Directors:	*Mr. LI Feng and Mr. LIANG Danqing*
Independent Non-executive Directors:	*Mr. CHAN Chi On, Derek, Mr. CHAN Chi Fai, Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou*

Yuexiu REIT Asset Management Limited
as the "Manager" of "Yuexiu Real Estate Investment Trust"
17B, Yue Xiu Building,
No. 160 Lockhart Road,
Wanchai, Hong Kong

AND

HSBC Institutional Trust Services (Asia) Limited
as the "Trustee" of "Yuexiu Real Estate Investment Trust"
17th Floor, Towers 2 & 3, HSBC Centre,
No. 1 Sham Mong Road,
Kowloon, Hong Kong

Savills Valuation and
Professional Services Limited
1208, Cityplaza One
1111 King's Road, Taikoo Shing
Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA Licence: C-023750
savills.com

18 March 2019

Dear Sirs,

RE: (1) GUANGZHOU INTERNATIONAL FINANCE CENTRE, NO. 5 ZHU JIANG WEST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

(2) VARIOUS UNITS IN WHITE HORSE BUILDING, NOS. 14, 16 AND 18 ZHAN NAN ROAD, YUEXIU DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

(3) VARIOUS UNITS IN FORTUNE PLAZA, NOS. 114, 116 AND 118 TI YU EAST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

(4) VARIOUS UNITS IN CITY DEVELOPMENT PLAZA, NOS. 185, 187 AND 189 TI YU WEST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

(5) VARIOUS UNITS IN VICTORY PLAZA, NO. 101 TI YU WEST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

(6) TOWER 2 AND 315 CAR PARKING SPACES (INCLUDING 80 MECHANICAL CAR PARKING SPACES AND 23 PUBLIC CAR PARKING SPACES) AT BASEMENT LEVELS 1 AND 2, HANGZHOU VICTORY BUSINESS CENTER, NO. 9 JIANGXIU STREET, QIANJIANG NEW TOWN, JIANGGAN DISTRICT, HANGZHOU, ZHEJIANG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

(7) YUEXIU TOWER, NO. 388 FUSHAN ROAD, LOT NO. QIU 2/9 JIEFANG 302, WEIFANG XINCUN STREET, PUDONG NEW DISTRICT, SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA

(8) WUHAN YUEXIU FORTUNE CENTRE, STARRY VICTORIA SHOPPING CENTRE AND VARIOUS CAR PARKING SPACES, NO. 1 ZHONGSHAN AVENUE, QIAOKOU DISTRICT, WUHAN, HUBEI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

INSTRUCTIONS

We refer to the instructions from the Manager and the Trustee of "Yuexiu Real Estate Investment Trust" ("**Yuexiu REIT**") for us to value the captioned properties (individually referred to as the "**Property**" and collectively referred to as the "**Properties**") located in the People's Republic of China (the "PRC"), we confirm that we have inspected the Properties, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 December 2018 ("**the Valuation Date**") for accounting purpose.

BASIS OF VALUATION

Our valuation of each property is our opinion of its market value on a 100% interest basis which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2017 of The Hong Kong Institute of Surveyors ("**HKIS**"), which incorporates the International Valuation Standards ("**IVS**"), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 6.8 of the Code on Real Estate Investment Trusts (the "**REIT Code**").

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr. Charles C.K. Chan and Mr. Anthony C.K. Lau. Mr. Charles C.K. Chan is the Managing Director of Savills Valuation and Professional Services Limited ("**SVPSL**") and a Fellow of the HKIS with over 34 years' experience in valuation of properties in Hong Kong and 29 years' experience in valuation of properties in the PRC; Mr. Anthony C.K. Lau is a Director of SVPSL and a corporate member of the HKIS with over 25 years' experience in valuation of properties in the PRC . Both of them have sufficient knowledge of the relevant markets, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Properties, SVPSL, Mr. Charles C.K. Chan and Mr. Anthony C.K. Lau had been involved in valuations of the Properties in the past 12 months.

We confirm that we are independent of the scheme, the Manager, the Trustee and each of the significant holders of the scheme in accordance with the REIT Code issued by the Securities and Futures Commission in Hong Kong (the "**SFC**"). We are not aware of any instance which would give rise to potential conflict of interest from SVPSL or Mr. Charles C.K. Chan or Mr. Anthony C.K. Lau in the subject exercise. We confirm SVPSL, Mr. Charles C.K. Chan and Mr. Anthony C.K. Lau are in the position to provide objective and unbiased valuation for the Properties.

VALUATION APPROACHES

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions and/or offerings of comparable properties. In the course of our valuation, we have principally adopted both Income Capitalization Approach and Discounted Cash Flow Analysis ("**DCF Analysis**") and counter-checked by the Direct Comparison Approach.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is an approach of valuation whereby the existing rental incomes of all lettable units of each property are capitalized for the respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the Valuation Date. Upon expiry of the existing tenancies, each unit is assumed to be let at its market rent as at the Valuation Date, which is in turn capitalized for the unexpired term of the land use rights under which the property is held. The summation of the capitalized value of the term income for the leased portion, the capitalized value of the reversion income (i.e. market rental income) as appropriately deferred for the leased portion and the capitalized value of the vacant portion provides the market value of each property.

DCF ANALYSIS

DCF Analysis is an approach of valuation where a discount rate is applied to a series of cash flows over an investment horizon including a terminal value to discount them to a present value. We have either adopted a 5-year or 10-year projection time frame in our DCF Analysis depending on the type of property. In preparing the DCF Analysis, the income and expenses over the coming 5 or 10 years from the Valuation Date are itemized and projected annually taking into account either the historical operating accounts or the contractual tenancies, and the expected growth of income and expenses. The net cash flows from the 6th or 11th year onward are capitalized at appropriate terminal capitalization rates for the Properties until the expiry of the respective land use terms. The terminal values are then discounted at our adopted rates that reflect the rates of return that adequately compensate the investors for the risks taken.

DIRECT COMPARISON APPROACH

As a supporting approach to our valuation, we have also considered the Direct Comparison Approach as a reference check for the valuations arrived from Income Capitalization Approach and DCF Analysis whereby comparable sales transactions and /or listings of comparable properties as available in the market are collected and analyzed. Appropriate adjustments are applied to the comparable properties to adjust for the discrepancies between the Properties and the comparables.

APPROACH TO VALUE

In arriving at the market values of the Properties, excluding the hotel and serviced apartment portions of Guangzhou International Finance Centre, we have applied equal weighting to the values derived from Income Capitalization Approach and Discounted Cash Flow Analysis; whilst the market values of the hotel and serviced apartment portions of Guangzhou International Finance Centre are assessed by DCF Analysis.

TITLE INVESTIGATIONS

We have been provided with extracts of the documents relating to the Properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information given by the Manager and accepted advice on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, tenancy details, operating accounts, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the summary of values are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the Manager which is material to our valuation. We are also advised by the Manager that no material facts have been omitted from the information supplied.

VALUATION ASSUMPTIONS

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the Properties for their specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. Unless otherwise stated, we have also assumed that the owners of the Properties have good legal titles to the Properties and have free and uninterrupted rights to use, occupy, lease or assign the Properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

SITE INSPECTION

We have inspected the exterior and where possible, the interior of the Properties. On-site inspections for the Properties located in Guangzhou were carried out by Ms. Joanna Cheung (Assistant Manager) on both 29 and 30 January 2019. Mr. Anthony Lau (Director) and Ms. Joanna Cheung have inspected the Properties located in Wuhan and Hangzhou on 18 and 19 December 2018 respectively. Mr. Sam Ngai (Assistant Manager) have inspected the Property located in Shanghai on 21 December 2018. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the Properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

MARKET COMMENTARY

GUANGZHOU

Overview

For the first nine months of 2018, Guangzhou's GDP increased by 6.3% year-on-year (YOY) to RMB1,670.8 billion. Total value-added of tertiary industries grew by 6.6% YOY, contributing 70.0% of the city's GDP over the same period. Fixed asset investment increased by 6.9% YOY, and the city's CPI was 2.3% up to the first nine months of 2018. The local government announced recently that GDP growth for 2018 is forecasted at 6.5%, 1% short of the government's target as weaker exports and slowing private sector investment the major causes for slowing growth.

Office

In 2018, a total of two new office projects with a combined gross floor area (GFA) of approximately 207,405 sq. m. entered the city's Grade A office market and total stock increased to exceed 5.2 million sq. m. New office supply included Poly Midtown Plaza (保利中悅廣場) and Poly Skyline Plaza (保利天幕廣場) all located in Pazhou. Aggregate new Grade A office supply continued to drop as compared to that of 2017, this enabled the market to further digest existing stock, with overall vacancy rate dropped 4.3 percentage points YOY to 4.3% in 2018.

With no new Grade A office supply in first half of 2018, leasing demand for offices was strong with total take-up amounted to 330,209 sq. m. up to Q3 2018. The financial, insurance, real estate, professional services and IT sectors located in Pazhou and Zhujiang New Town constituted the main drivers for the strong take-up. Vacancy rate of Grade A offices in Zhujiang New Town and Pazhou dropped significantly to 4.2% and 9.1% in 2018. In other major office districts, both Yuexiu and Tianhe Bei all recorded a substantial drop in vacancy to 1.7% and 1.8% respectively.

City-wide average rent increased by 11.2% YOY to RMB190.9 per sq. m. per month. The average rent for Zhujiang New Town rose to RMB223.6 per sq. m. per month, representing an increase of 14.3% YOY. The average rent for Pazhou increased by 16.4% YOY to RMB147.5 per sq. m. per month, which was the largest gain in Guangzhou in 2018. Grade A office rents in Yuexiu increased 6.6% YOY to RMB132.8 per sq. m. per month, with vacancy rate droped 5.0 ppts to 1.7% in 2018.

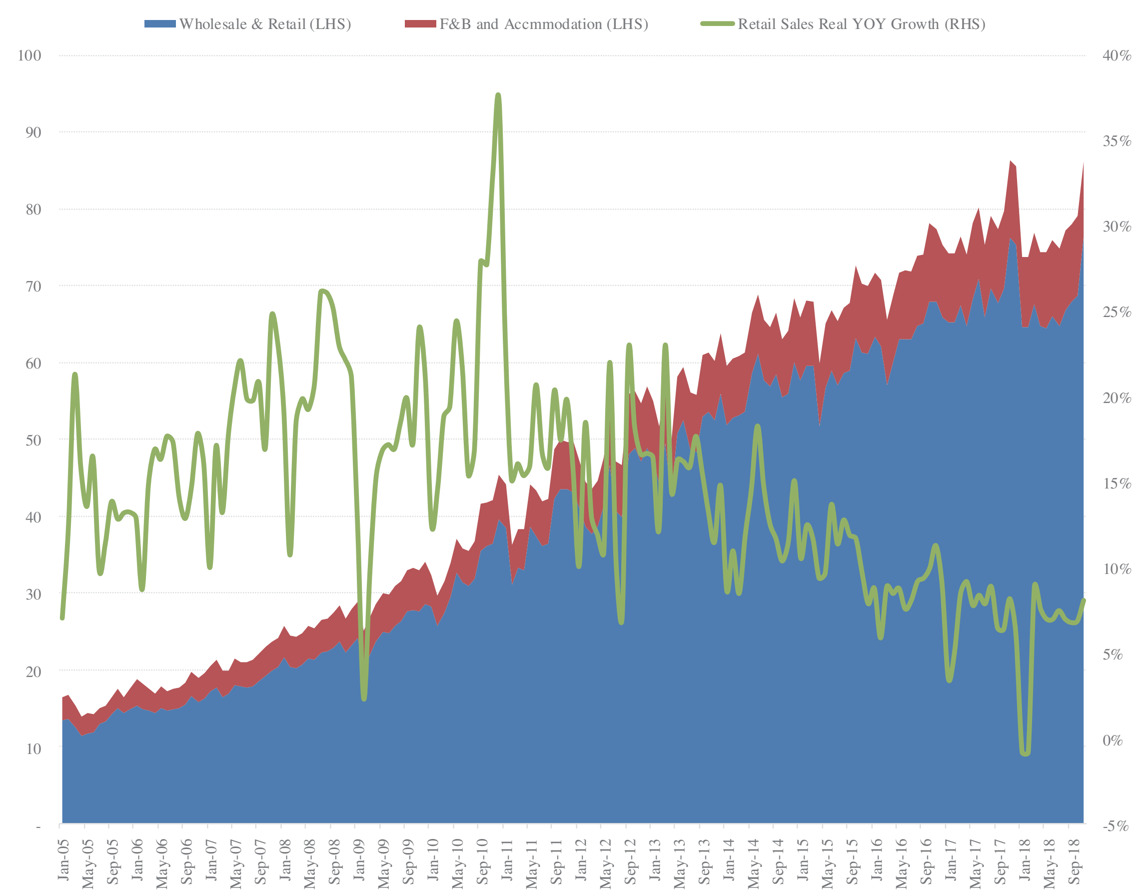
Looking forward, aggregate new office supply will reach approximately 1.8 million sq. m. in 2019. The huge supply in 2019 is mainly due to construction delays of office properties such as the Guangzhou Daily Project (廣州報業中心) and Guangfa Securities Tower (廣發證券大廈), with handovers delayed to Q4/2018 or even later without exact expected completion date. The majority of new supply, however, is concentrated in Pazhou and International Financial Town, and as such the impact on prime office submarkets as Zhujiang New Town will be moderate or minimal.

Retail

Between 2005 and 2017, retail sales in Guangzhou increased at a CAGR of 14.2% to 940.3 billion, making Guangzhou's retail market one of the fastest-growing in mainland China. Strong growth in the retail market has been primarily supported by rising disposable income and a propensity of the local populace to consume.

Retail sales recorded an YTD, YOY real growth of 7.5% for the first eleventh months of 2018, totalling RMB844.1 billion. In terms of retail sales growth rate, Guangzhou was in the third place amongst the first-tier cities in China after Shanghai and Shenzhen (the YTD, YOY retail sales growth of Shanghai, Shenzhen and Beijing up to November 2018 was 7.9%, 7.7% and 3.0% respectively).

Total Retail Sales in Guangzhou, Jan 2005 - Nov 2018



Source: Municipal Statistics Bureau of Guangzhou

Prime retail property stock of Guangzhou accumulated to 6.0 million sq. m. up to the end of 2018, with over 80% of new supply in area terms from Baiyun. A total of 6 prime retail projects were put on market during 2018, with four of which opened in Q4 2018. Tianhe Road and Yuexiu district are the two major prime retail precincts in 2018, however, as share of Tianhe Road dropped to approximately 21% of total prime retail stocks in terms of GFA, followed by Baiyun while Yuexiu district comes next with approximately 13% share in GFA terms.

City-wide vacancy rates dropped 1.3 ppt YOY to 6.1% by the end of 2018. The vacancy rate in non-prime areas dropped 2.2 ppt to 6.9%, while the vacancy rate in prime areas slightly increased 0.6 ppt to 4.2%.

City-wide retail first-floor rents increased by 6.1% YOY to RMB740.4 per sq. m. per month by the end of 2018. Prime area first-floor rent increased 7.0% QoQ to RMB1,177.9 per sq. m. per month. Non-prime area first-floor rents increased 9.1% YOY to RMB397.8 per sq. m. per month during 3Q/2018. Overall, first-floor rents in emerging areas are expected to moderately rise in the short-to-middle term. Current population density in emerging areas, and steadily increasing urbanisation rates will provide a solid foundation for footfall growth. Additionally, facilities and equipment improvement in emerging areas' shopping malls will create a positive atmosphere in the mall and improve future performances in non-prime areas.

Going forward, it is expected that a total of five new shopping malls with an aggregate GFA of approximately 370,000 sq. m. would be launched in 2019. The new supply peak is expected to exert pressure on rising vacancy rates particularly in Baiyun and Panyu District, with rental growth to be moderate in general.

Hotel

In 2017, overnight tourist arrivals to Guangzhou reached 62.8 million, representing a 5.7% growth y-o-y. Overseas tourist arrivals increased 4.7 YoY to 9.0 million and domestic tourist arrivals increased 5.9% YoY to 53.8 million. Domestic travellers continued to occupy as Guangzhou's largest source market, contributing 85.7% to overnight visitor arrivals in 2017.

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**CAGR**
Overnight Tourist Arrivals (million)	45.9	48.1	50.4	53.3	56.6	59.4	62.8	5.4%
Domestic Visitors Arrivals (million)	38.2	40.2	42.7	45.5	48.5	50.8	53.8	5.9%
Domestic Tourism Receipts (RMB billion)	131.5	158.7	188.2	218.5	252.1	280.0	318.8	15.9%
International Visitor Arrivals ('000s)	7.8	7.9	7.7	7.8	8.0	8.6	9.0	2.4%
Tourism Foreign Exchange Revenue (RMB billion)	31.5	32.4	32.0	33.6	35.2	41.6	42.6	5.2%

Source: Guangzhou Statistics Bureau

Total number of star-rated hotels in Guangzhou dropped from 249 in 2011 to 180 in 2017. During the same period, total number of 5-star hotels increased from 20 to 22, whereas total number of 4-star hotels dropped to 34. Total number of guestrooms increased 4.8% YoY to 92,568 in 2017, the majority of which were midscale hotels located in non-prime or emerging city districts.

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**CAGR**
Number of Star-rated Hotels	249	226	227	216	204	188	180	-5.3%
No. of 5-Star Hotels	20	21	23	23	21	22	22	1.6%
No. of 4-Star Hotels	38	36	38	41	39	37	34	-1.8%
No. of Guestrooms	66,232	65,267	72,311	80,930	77,893	88,335	92,568	5.7%
No. of Beds	110,081	106,810	114,072	122,939	136,128	134,558	137,593	3.8%

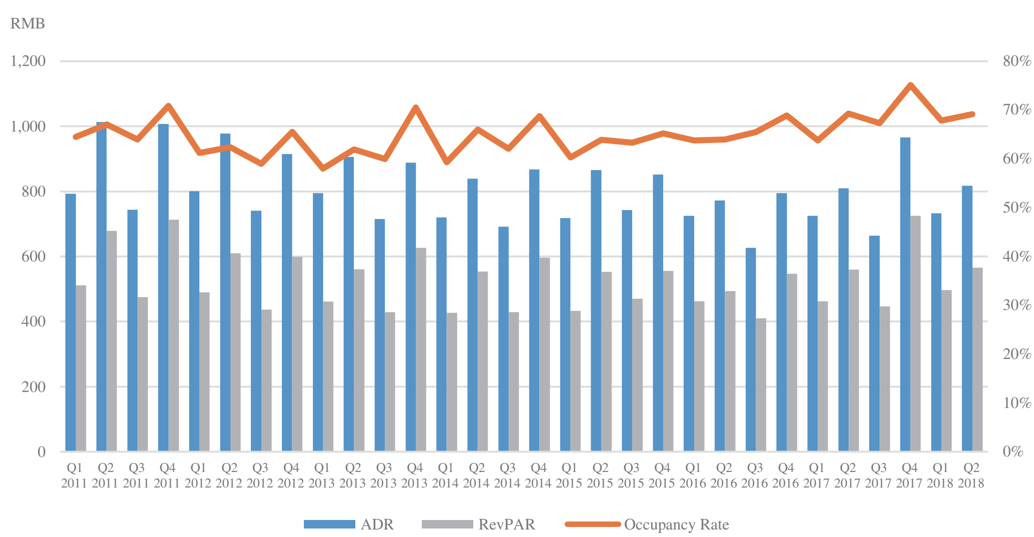
Source: Guangzhou Statistics Bureau

New supply of 5-star hotel in Guangzhou in 2018 included InterContinental Guangzhou Exhibition Center (廣州保利洲際酒店) (350 rooms, January 2018) and LN Garden Hotel Nansha Guangzhou (廣州南沙花園酒店) (365 rooms, August 2018), both of which were located in emerging districts of Haizhu and Nansha respectively.

Other notable upscale hotels in the supply pipeline include Solis Guangzhou (268 rooms, Fangcun, scheduled to delay to 2019), Rosewood Guangzhou (251 rooms, Zhujiang New Town, scheduled Spring 2019), Sheraton Guangzhou Panyu (270 rooms, scheduled 2019 or thereafter), and Hilton Guangzhou Panyu (250-500 rooms, scheduled 2019 or thereafter).

Guangzhou has been one of the major business and conference hubs in southern China for the past few decades. The Canton Fair and Spring fair and other conferences support Guangzhou's hotel market and have been one of the major impetus to impact the performance of 5-star hotels in Guangzhou. Both ADR and RevPAR of 5-star hotels indicated continuous improvement in Q1 and Q2 2018 as compared to those of 2017, in addition, occupancy rate indicated a slight improvement during the corresponding period. All in all this suggests the upscale hotels in Guangzhou has weathered the storm well after witnessing a huge supply boom in last few years. It is expected that the occupancy level and room rate growth will see continuous improvement in 2019, as increasing corporate demand and leisure demand will help boost the market.

Performance of 5-Star Hotels in Guangzhou



Source: Ministry of Culture and Tourism

Serviced Apartment

The serviced apartment market in Guangzhou performed strongly in 2018, which is attributable mainly to increasing demand generated from domestic manufacturing and IT industries, and a vacuum of new supply. As a number of new projects under construction postponed completion dates to early 2019, total stock remained at 3,409 units at the end of Q4/2018.

The average vacancy rate of the serviced apartment market dropped to 0.7% by the end of Q3/2018, which was due primarily to strong leasing demand and lack of supply. The serviced apartment market of Guangzhou is supported by the stable demand from expatriates and senior executives at MNCs and leading domestic companies from the manufacturing and IT industries. The new demand is being generated by both business elites and younger tenants with strong financial backgrounds who prefer independent accommodations, instead of living with their families.

Rents for the serviced apartment property market in Guangzhou increased 4.61% as compared to Q2/2018 (Q2: RMB194.1).to RMB203.1 per sq. m. per month during Q3/2018 as a result of robust demand and decreasing vacancy rates.

Major new supply of serviced apartments in 2019 includes Jumeirah Living Guangzhou (scheduled opening in Q4 2018 but mostly likely be deferred to Q1 2019) with 169 luxurious residences, and the Rosewood Guangzhou with 355 luxurious residences. Total serviced apartment stock in Guangzhou is expected to increase to reach 4,000 units or above. As most of the new supply will be concentrated in Tianhe district, competition will be keen amongst operators within the district. However, with continued robust demand from both senior executives of domestic companies and expatriates alike, tariffs fetched by serviced apartments are expected to remain stable, or with slight increase in the near term.

SHANGHAI

Overview

Shanghai is one of the financial centres and one of the four autonomous municipalities in the country. The China (Shanghai) Pilot Free Trade Zone ("SFZ") was approved by the State Council in 2013 as the first pilot free trade zone in China. Initially covered 28.78 sq. km. in area, the SFZ was expanded to 120 sq. km. in 2015, and in 2018 plans were gathered to expand the SFZ to approximately 600 sq. km., with expanded area including Lingang and Hongqiao to increase its appeal to foreign investors especially in industries such as new energy vehicles, medicine and healthcare. While these plans are yet to conclude and announce until mid-2019, the expansion of the SFZ will reinforce China's national goal to convert the city into a global financial centre by 2020, and the expansion will be matched by large-scale liberalization, as witnessed by the city's continued deepening measures for opening-up and reform in 2018 by introducing 100 measures to further open up sectors such as finance and advanced manufacturing, and the proposal of setting up a financial court in Shanghai as part of the efforts to improve the judiciary system for the financial sector and help ward off financial risks, in addition to the city's reforms in protecting intellectual property rights, promoting the import system and improving the business environment.

Originally a government-designated national level development zone in Shanghai, the Lujiazui financial area was added to SFZ since March 2016, and has significantly increased the attractiveness of offices in Lujiazui. The deepened opening-up and reform of the financial services sector in 2019 and beyond, for instance the expansion of the scale of asset-backed securitization in Shanghai and widening of channels for overseas yuan liquidity to flow back to China as recently announced by the People's Bank of China, will certainly help boost and reinforce the position of the district as the financial hub of Shanghai and China.

Little Lujiazui is the city's financial hub and most expensive and largest office submarket. Almost fully built out, with tenants typically expanding to the neighbouring Zhuyuan.

Zhuyuan is a key back office location for financial firms with premises in Lujiazui and characterized by significant influx of new supply in recent years. It has become the second largest submarket in Shanghai's decentralized office property market.

Economic Development

Shanghai recorded a sustainable economic growth during 2018, with GDP increased at 6.6% YOY to RMB3,268.0 billion, keeping pace with the country's 6.6% GDP growth during the corresponding period. Consumer Price Index slightly increased 1.6% over 2017. Shanghai's steady economic growth, moderate inflationary environment, combined with the numerous business opportunities the city offers, has made Shanghai a desirable place for both domestic and foreign businesses to set up or expand their businesses in. The city's attractiveness, evidenced by the utilised foreign direct investment totaling United States Dollars 17.3 billion in 2018 (up 1.7% YOY), have been driving up the demand for office spaces in the city. Service sector has been increasingly important for Shanghai, with its constituency in GDP increasing from 59.0% in 2012 to 69.9% in 2018. Shanghai's continuously rising tertiary sector, with a compound annual growth rate of 8.3% over the past six years, has also increased the demand for office spaces. The financial industry in Shanghai has been growing at an accelerating rate over the past five years. Amid deepened reforms which will help maintain healthy growth of the financial market, the accelerating growth is expected to continue, driving up the demand for office spaces in the Lujiazui and Zhuyuan area.

Supply and Demand of Offices in Lujiazui and Zhuyuan

In 2018, a total of 10 new Grade A office projects in core office areas with an aggregate GFA of approximately 779,000 sq. m. was put into market. Three office properties comprising Pudong Financial Square (陸家嘴金融中心廣場), Lujiazui Financial Holding Plaza (陸家嘴金控廣場) and Shimao Tower (上海世茂大廈) with an aggregate GFA of approximately 235,200 sq. m. were situated in Zhuyuan CBD. Total Grade A office stock within core office areas increased 8.6% YOY to approximately 8.8 million sq. m. by the end of 2018.

Net take-up in 2018 remained strong to reach 637,844 sq. m., with demand for offices strong in the second quarter. The financial sector accounted for the biggest demand in 2018, followed by demand from flexible workspace operators, and the retail & trade category. Together they accounted for approximately two third of overall demand for Grade A offices in 2018. Overall core market vacancy rate increased slightly from 11.8% in 2017 to 12.4% in 2018.

Office demand in Lujiazui stemmed mainly from financial services and technology companies, with take-up being weak in 2018, and vacancy increased in Q3 2018 to approximately 10%, whereas average Grade A office rent in Lujiazui remained flat at RMB11.3 per sq. m. per day.

Office vacancy rate at Zhuyuan increased from 6.0% during Q1/2018 to 12.0% in Q2/2018, and remained level at 12.0% in Q3/2018. Office average rent in Zhuyuan remained flat at RMB8.2 per sq. m. per day in Q3/2018, and recorded a moderate increase of 2.5% YOY as compared to that of Q3/2017.

Outlook

Looking ahead, new office supply will be will be hefty with an estimated aggregate supply at approximately 2.79 million sq. m. between 2019 and 2020. 61% of the new supply or approximately 1.7 million sq. m. of office area will be located in the CBD districts of Puxi and Pudong. Notable new projects in 2019 pipeline include the kaisa Financial Centre in Pudong CBD, and Dong Financial City Phase 1, Greenland Wuliqiao and Harbour 55 in Puxi CBD. It is inevitable that competition for tenants will be intensified in the short term, with rentals under tremendous pressure to trend down.

WUHAN

Overview

Wuhan is the provincial capital of Hubei province located in the center of China. It is the economic, finance, education, and technology hub of central China and the most affluent provincial capital city among all the six provinces in the region of central China. In accordance with the 'Wuhan 2049 Long-term Development Strategic Plan', implemented since 2014, Wuhan targets the goal in becoming one of Asia's world cities, and committing to the development of core functions as the centre for innovation, trade, finance and advanced manufacturing. As Wuhan is one of the most important transportation hubs in China, dozens of railways, expressways and flight routes pass through the city, connecting China's central and western inland and its eastern coastal regions. As a result, manufacturing and domestic trade have flourished in Wuhan, allowing the city to become a strategic location for many companies that wish to expand their business from the cities in the east of China such as Beijing and Shanghai to the central and western part of the country. Many businesses even regard Wuhan as the 'golden key' to fully penetrate the Chinese market.

Economic Performance

As the key city in the Yangtze River Economic Belt and the most populous city in Central China, Wuhan's economic growth remained robust and the city has emerged as one of the fastest growing urban cities in China. In 2018, Wuhan's GDP increased 8.0% in real terms to RMB1,484.7 billion, outpaced that of national growth by 1.4% and ranked fourth among sub-provincial cities in China and ninth among all Chinese cities in terms of GDP. Total value-added of tertiary industries grew by 10.1% YOY to RMB810.8 billion, while fixed asset investment increased by 10.6% YOY.

Besides, Wuhan's infrastructure developed rapidly in recent years. The number of Metro Lines in the city increased from one in 2011 to nine in 2018. In particular, the economic activities in Qiaokou District are underpinned by the Metro Line 1, which connects the major business districts in Hankou area.

Looking forward, with the scheduled completion of the Yangsigang Yangtze River Bridge (武漢楊泗港長江大橋) to complete in Q2 2019, Qiaokou District will benefit from the more convenient transportation network and the growth of business activities in the district will accelerate.

Office

The Wuhan office property market was active in 2016 and 2017, with policy support and sustainable economic growth being the major driving force for the thriving office market. Market absorption was high with take-up at historical level amongst domestic enterprises, and demand was mainly driven by finance, professional services, and real estate sectors. This trend continued in 2018 as market absorption remained strong in 1H 2018, with net absorption to reach over 180,000 sq. m. during the corresponding period.

Overall rent for Grade A offices in the core business district averaged RMB124.5 per sq. m. per month in Q2 2018, representing a slight increase of 1.7% on a quarterly basis. Amongst various submarkets, the Hankou RCD office submarket recorded a moderate drop of 1.96% QOQ to RMB134.9 per sq. m. per month in Q2 2018, while the Jianshe Avenue office submarket recorded a slight increase of 1.1% QOQ to RMB118.2 per sq. m. per month during the corresponding period. Rental levels in other business districts were stable or edged slightly upward in Q2/2018.

The Guanggu New World in the Optics Valley office submarket with a total GFA of 87,400 sq. m. was launched in Q1/2018. Total Grade A office stock increased to 1.8 million sq. m. by the end of Q2/2018. In 2H 2018, a total of 393,223 sq. m. of new office supply is scheduled to complete. This includes, among others, the DSM International Centre and Tianyue Bund Financial Centre. In the next three years, new office supply is expected to be huge with aggregate GFA to reach over 1.3 million sq. m. Despite this looming supply, the office market is expected to remain stable, with office demand being set to be boosted by government policy support and ongoing urbanization of the city.

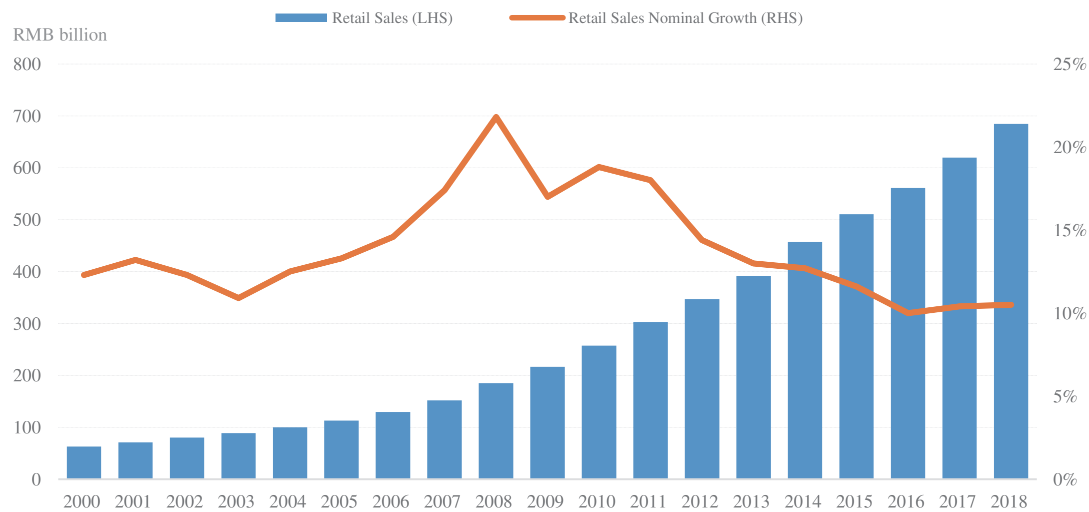
For Hankou area, average rental of mature Grade A office remained stable at around RMB120 per sq. m. per month in Q2 2018. It is expected that rental growth within this submarket will be restrictive in the short term, whereas the robust economic growth and growing business activities under the "Wuhan 2049 Long-term Development Strategic Plan" blueprint will underpin the demand for office space and continued office absorption. The convenient transportation network in Qiaokou District will render the place into a trade and financial centre under the proposed urban scheme, and help boost rents of Grade A office in the district up stably in the long run.

Retail

Wuhan's rapid economic development has resulted in a significant increase in its resident's disposable income, which in turn has contributed to its incredible retail growth. During 2017, the average annual disposable income of urban households has increased by 9.1% to RMB43,405. In the more affluent group of the city, the average annual disposable income of upper income group has reached RMB54,624 in 2017. In 2018 disposable income of general households of Wuhan increased 9.0% YOY to RMB42,133.

The retail industry is booming in Wuhan as a result of the growing affluence and willingness to spend of general households. Retail sales of Wuhan grew from RMB257 billion in 2010 to RMB684.4 billion in 2018, growing at a CAGR of 13.0% and accounting for 37.3% of Hubei province's overall retail sales, making Wuhan as the largest city in Central China in terms of retail sales volume.

Wuhan Retail Sales, 2000 - 2018



Source: Wuhan Statistics Bureau

Total retail market stock remained at approximately 2.33 million sq. m. in Q2/2018, as no new retail supply was added to the market. New projects scheduled for completion and opening in 2018 comprise, among others, Evergrande Plaza, Wuhan Bingo City and Liberty City, New World K11 and Nanguo Centre 2. The retail market is set to receive approximately 541,000 sq. m. of new supply in 2018, which will bring total stock to up to approximately 2.9 million sq. m.

During 2018, demand for traditional retail stores continued to remain strong, with overall vacancy rate dropping further to approximately 3.1% by the end of Q2/2018. Demand was mainly supported by fashion retailers, entertainment brands and children-related brands. However, following the online-to-offline trend, "new retail" is also imposing its influence on retail market of Wuhan. Fresh Hema (盒馬鮮生) entered Wuhan and opened its first store in E•Like (former Sone Park), taking up 4,100 sq. m. of retail space. In addition, F&B retailers continued to expand. AD-Ben (西元銘美食廣場), a Wuhan-based food court brand established in 2013, opened 1,900 sq. m. of new space in Hutchison-Whampoa's M+ Mall, and is expected to expand to more cities. A number of experiential cultural and creative brands, including Augusmith (全愛工匠), Zowoo (作物) and Urban Farming (都市農莊), also made their first presences in Wuhan. These new retail brands and stores are indicative of the lines that retailers are going to take in Wuhan, and will be exciting if they continue to thrive in the market.

Overall first floor average rents slightly increased 0.1% on a quarterly basis to RMB638.4 sq. m. per month in Q2/2018. Rents in prime area averaged RMB733 per sq. m. per month, while non-prime rents averaged RMB457 per sq. m. per month during the corresponding period.

The retail property market in Qiaokou District is expected to remain stable, with rental growth to be supported by expansion of retailer network in personal healthcare and beauty products, entertainment and children-related services in the uptown area of the district.

Going forward, in the next five years, the aggregate new supply of prime retail space is expected to reach 3.1 million sq. m. in Wuhan. The city's retail blueprint will be increasingly competitive and diversified with the entry of market players such as Hang Lung, Gemdale, Sino Ocean, Huafa, CR Land and COFCO. Under these circumstances, landlords of existing projects must come up with differentiated strategies and new attractions to increase footfalls and retain tenants.

HANGZHOU

Overview

Located in the southern wing of the Yangtze River Delta, western tip of the Hangzhou Bay, Hangzhou is the economic, cultural, science and educational centre of Zhejiang Province. In 2018, Hangzhou is marked by steady economic growth with GDP increased at a real growth rate of 6.7% to RMB1,350.9 billion, marking the city as the 10th highest amongst all cities of China in terms of total economic output. Total value-added of the tertiary sector increased 7.5% YOY to RMB863.2 billion, accounting for 63.9% of total GDP. The Hangzhou Metropolitan Area (杭州都市經濟圈), a regional planning initiative that integrates the city's development with other north Zhejiang cities including Huzhou, Shaoxing and Jiaxing, had a combined resident population of 22.1 million and a GDP of RMB2,651.7 billion, representing an increase of 8.3% over 2017 and accounting for 47.2% of the provincial GDP in 2018. The overall competitiveness of the Hangzhou Metropolitan Area was ranked 4th amongst 18 metropolitan areas in China, after Shanghai, Guangzhou and Beijing.

The economy of Hangzhou in recent years has been built on the "1+6" industrial structure to move the city forward to a digitized economy. The "1+6" industrial structure, which comprises digitized economy sector and other major services and manufacturing sectors, accounted for 78.5% of total economic output of Hangzhou by Q3 2018. For the first nine months of 2018, the total added value of the city's digital economy reached RMB245.6 billion, representing an increase of 14.1% over the last corresponding period and accounting for 25.4% of GDP. The total added value of cloud computing and big data up to Q3 2018 accounted for an aggregate RMB92 billion, representing an increase of 17.5% over that of 2017. The Hangzhou government has attached the importance of new technology development, and in July 2017 issued the "Digital Hangzhou" development plan, which regards the digital economy as the "No. 1 project" and regards artificial intelligence as the key field to promote the development of the digital economy and enhance the competitiveness of the city.

Built on the fast growing high-technology industry and e-commerce, Hangzhou is quickly becoming home to fortune and wealth accumulation. GDP per capita in 2018 is expected to increase by over 5% in nominal terms to reach over RMB140,000, and remains the highest in Zhejiang province. Urban disposable income per capita increased 8.7% YOY to RMB61,172 by the end of 2018.

Office

The Grade A office market of Hangzhou has experienced a rapid growth during the past decade with total office stock increased to 2.20 million sq. m. in 2018. For the past three years, the market recorded a supply peak with annual average new supply reached 335,000 sq. m. New supply peaked in 2017 with over 500,000 sq. m. being put into the market, and approximately 70% of new supply stemmed from the Qianjiang New City (QJNC) (錢江新城) area, the core area in the Qiantang River Finance Bay (a new planned area home to financial headquarters, private funds, internet finance and big data companies) and identified as Hangzhou's new CBD located in the southeast side of Jianggan district (江幹區) and north bank of the Qiantang River with a total area of 15.8 sq. km.

The Huanglong (黃龍) and Wulin (武林) district are the two prime office markets in Hangzhou with total Grade A office stock reached 535,500 sq. m. in 2018. The QJNC, since its development from 2010, has taken over as the largest prime office market in Hangzhou with total Grade A office stock reached 1,360,000 sq. m. in 2018. New supply of Grade A offices in QJNC in 2018 included GT Land Plaza ICON Office (高德置地廣場) and Dikai City Star International Tower A (迪凱城星國際) with an aggregate new supply of 130,000 sq. m.

Other non-prime office area in Hangzhou includes Qingchun Road (慶春路), which comprises total Grade A office stock of 227,100 sq. m. in 1H 2018. The Qingchun Road district is advantageous in location, with a number of government financial institutions and leading large hospitals being located in the area, which attracted a large number of companies in finance and pharmaceutical sector to move in.

On the demand side, the three pillar industries of Hangzhou, namely, financial, information and professional services sectors continued to occupy as the key demand drivers of Grade A office leasing market. Impacted by a slower real economy and the continuous crackdown on P2P companies, however, leasing demand for Grade A office space in Hangzhou was weak in 2H 2018. In addition, the market saw increasing demand from co-working brands, with SOHO 3Q and WeWork amongst others have entered into the Hangzhou market. After its first launch in Gonglian Plaza, WeWork, upon its acquisition of Naked Hub, is poised to open its co-working space in additional three locations of Huanglong Vanke Centre, Tian Mu Li Business Park (天目裡商務園區) and Mingzhu International Building 5 (明珠國際5號樓).

Average Grade A office rent in Hangzhou increased 2.1% YOY to RMB5.2 per sq. m. per day. In Qiangjing New City (QJNC) average Grade A office rent increased 4.5% YOY to RMB5.06 per sq. m. per day during the corresponding period, and maintained a sustainable growth throughout the past few years. In traditional business areas of Huanglong and Wulin, however, average Grade A office rents recorded a rental drop of 1.9% YOY and 0.6% YOY in 2H 2018, as landlords were more willing to offer rental discounts attracting or retaining tenants.

The overall vacancy rate of Grade A office market in Hangzhou during 2H 2018 increased to 19.5%, or 4.5% higher as compared to 2H 2017. The increase was due mainly to the high vacancy rate recorded by new supply in 2H 2018, and the impact of a tight credit environment and the government's crackdown on P2P companies which dented leasing demand. Vacancy rate in Huanglong increased by 14 percentage points YOY to reach 20%, and was negatively impacted by the moving out of existing tenants from Huanglong to QJNC, and the vacating of P2P companies. Vacancy rate of Grade A office in QJNC dropped 1 percentage point YOY to approximately 16% during 2Q 2018, whereas in Wulin vacancy dropped 3 percentage points YOY to approximately 12.2% during the corresponding period.

Outlook

Eight Grade A office projects with an aggregate area of 625,000 sq. m. are expected to launch in 2019. Key new supply projects will include, among others, China Life Building, World Shibao International Centre West Tower (世包國際中心西塔), Huanglong Vanke Centre Building C and D, and Joy City Tower 1. As market sentiment remains weak under the backdrop of the prolonged China-US trade conflicts and the slowing China economy, it is expected that some of the future supply will delay after 2019. Leasing demand however is expected to remain weak, this may cause office rents to continue a moderate downward trend in the short term.

Key Office Supply in 2019 Pipeline

Name of Property	GFA (sq. m.)	District	Planned Use
China Life Tower (中國人壽大廈)	190,000	QJNC	Lease
Zhejiang World Trade Headquarter building (浙江國貿總部大樓)	58,000	QJNC	Self-use
World Shibao International Centre West Tower (世包國際中心 西塔)	62,000	QJNC	Sale
Huanglong Vanke Center Tower C and D (黃龍萬科中心C及D棟)	100,000	Huanglong	Lease
GDA Plaza (國大城市廣場)	30,000	Wulin	Lease

Retail

Total stock of Hangzhou's prime retail property market reached over 3.78 million sq. m. during 2H 2018, with approximately 30% located in retail prime area including Lakeside (湖濱), Wulin (武林) and QJNC. Lakeside and Wulin are traditional prime shopping areas in Hangzhou with high-end shopping malls such as Hubin Yintai (杭州湖濱銀泰) and Kerry Centre (嘉里中心). In QJNC, the area has developed into a prime retail area in the past ten years with the construction of MixC (萬象城) and Raffles City Hangzhou (杭州來福士中心). The rest of the stock is located in the non-prime areas including the west, north, and south of the city proper as well as Qingchun and Binjiang precinct.

Hangzhou's retail property market has seen surge in supply in the past several years, especially in non-prime areas. New supply in the past four years added up to 1.94 million sq. m, one-fifth of which were located in prime areas. In 2018, eight retail projects were launched in downtown Hangzhou, adding a total retail GFA of 739,000 sq. m. including Hangzhou Tower Central Plaza (杭州大廈中央商城) in Wulin; City Mall Phase 2 (西田商業城二期) and Joy City Hangzhou (杭州大悅城) in City north; Yuhang Life Hub (餘之城), Intime City (Linping) (臨平理想銀泰城) and Xixi Incity Plaza Phase 2 (西溪印象城二期) in City west; K-Lab in Huanglong District; and In77E (Hubin Yintai Phase 5) (湖濱銀泰五期(E區)) in Lakeside. The Xiaoshan Mixc One (華潤萬象匯) was the only retail property project launched in suburban Xiaoshan district.

On the demand side, the growing retail sales and tourism industry enables the city to absorb the large amount of new supply, with overall vacancy rate dropped 1.9 percentage points to 9.3% in 2h 2018. City-wide first-floor rents remained stable during 2H 2018 at RMB18.4 per sq. m. per day. Average rents in prime and nonprime areas stayed at RMB27.4 per sq. m. and RMB14.4 per sq. m., respectively, during the corresponding period. In prime areas, Lakeside and QJNC recorded the highest average rents at RMB28.2 per sq. m. and RMB26.0 per sq. m. respectively.

In 2019, new supply of prime retail space will remain large with aggregate supply to reach up to 1 million sq. m. Key supply will include, among others, G.T. Land Plaza (高德置地廣場), Pingan Financial Centre Yuefang (平安金融中心悅坊), Longfor Xixi Walkway (龍湖西溪天街) and Central Chezhan Plaza (中央車站廣場). With this huge amount of new supply, competition will be keen and this will certainly push up vacancy rates and impose pressure on rentals.

Key Retail Supply in 2019 Pipeline

Name of Property	Retail GFA (sq. m.)	Precinct
Xixi Haigang City (西溪海港城)	68,600	City west
Central Chezhan Plaza (中央車站廣場)	80,000	City north
G.T. Land Plaza (高德置地廣場)	100,000	QJNC
Longfor Xixi Walkway (龍湖西溪天街)	130,000	City west
Ping'an Financial Centre Yuefang (平安金融中心悦坊)	20,000	QJNC
Yuhang Wanda Plaza (余杭萬達廣場)	96,500	Future sci-tech city
Jinsha Incity Plaza (杭州金沙印象城)	160,000	Xiasha

LIMITING CONDITIONS

Neither the whole or any part of this letter and summary of values nor any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this letter and summary of values are for the use only of the party to whom it is addressed for the stated purpose and shall be relied upon by each of the Trustee, the Manager and the Unitholders of the Yuexiu REIT, and no responsibility is accepted to any third party for the whole or any part of its contents.

REMARKS

We thereby confirm that:

1. We have no present or prospective interest in Yuexiu REIT Properties and are not a related corporation of nor have relationship with the Manager, the Trustee or any other party or parties which Yuexiu REIT is contracting with;

2. We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties;

3. Our opinion has been given on fair and unbiased basis; and

4. We are acting as an independent valuer as defined in "HKIS Valuation Standards 2017" published by The Hong Kong Institute of Surveyors, which incorporates the IVS.

CURRENCY

Unless otherwise specified, all money amounts are denominated in Renminbi ("**RMB**").

We enclose herewith our summary of values.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Managing Director

Anthony C K Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Charles C.K. Chan is a professional surveyor who has over 34 years' experience in valuation of properties in Hong Kong and 29 years' experience in valuation of properties in the PRC.

Mr. Anthony C.K. Lau is a professional surveyor who has over 25 years' experience in valuation of properties in the PRC.

SUMMARY OF VALUES

Property No.	Property name	Holding entity	City	District	Land use	Type of property	GFA (sq m)	Year of completion	Market value in existing state as at the Valuation Date (RMB)
1	Guangzhou International Finance Centre	廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd.)	Guangzhou	Tianhe	Office, commercial, tourism and entertainment	Retail, office, serviced apartment, hotel and car parking spaces	457,356.68	2010 and 2011	18,366,000,000
2	Various units in White Horse Building	柏達投資有限公司 (Partat Investment Limited)	Guangzhou	Yuexiu	Commercial, office and storage	Commercial wholesale centre	50,199.35	1990	5,061,000,000
3	Various units in Fortune Plaza	金峰有限公司 (Moon King Limited)	Guangzhou	Tianhe	Commercial and office	Commercial and office	41,355.20	2003	1,197,000,000
4	Various units in City Development Plaza	福達地產投資有限公司 (Full Estate Investment Limited)	Guangzhou	Tianhe	Commercial and office	Commercial and office	42,397.36	1997	975,000,000
5	Various units in Victory Plaza	京澳有限公司 (Keen Ocean Limited)	Guangzhou	Tianhe	Commercial	Commercial	27,698.14	2003	936,000,000
6	Tower 2 and 315 car parking spaces at Basement Levels 1 and 2, Hangzhou Victory Business Center	杭州越輝房地產開發有限公司 (Hangzhou Yuehui Real Estate Development Co., Ltd.)	Hangzhou	Jianggan	Commercial services	Office, retail, storage and car parking spaces	22,484.83 together with 315 car parking spaces	2017	601,000,000
7	Yuexiu Tower	上海宏嘉房地產開發有限公司 (Shanghai Hong Jia Real Estate Development Co., Ltd.)	Shanghai	Pudong	Commercial and office	Office, retail and car parking spaces	62,139.35	2010	3,149,000,000
8	Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and various car parking spaces	武漢越秀地產開發有限公司 (Wuhan Yuexiu Property Development Limited)	Wuhan	Qiaokou	Commercial, and financial and commercial services	Office, retail and car parking spaces	248,194.23	2015 and 2016	3,685,000,000
Total									**33,970,000,000**

Notes:

(1) All areas are stated in approximations.

(2) GFA represents Gross Floor Area.