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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

ANNOUNCEMENT

PROPOSED ISSUANCE OF EXCHANGEABLE BONDS BY A SUBSIDIARY OF YUEXIU PROPERTY COMPANY LIMITED EXCHANGEABLE INTO UNITS OF YUEXIU REAL ESTATE INVESTMENT TRUST IN ISSUE

The Board has been informed by Yuexiu Property that Yuexiu Property (as guarantor) and the Issuer, being a wholly-owned subsidiary of Yuexiu Property, have entered into a subscription agreement dated 8 April 2019 with the Lead Managers, pursuant to which, among others, the Issuer has agreed to issue, and the Lead Managers have severally and not jointly agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the Exchangeable Bonds in an initial aggregate principal amount of HK\$1,100,000,000.

The Exchangeable Bonds will initially be exchangeable into 192,307,692 Units in total (representing an initial exchange price of approximately HK\$5.72 per Unit), subject to adjustments. Subject to the right of the Issuer to make a cash election, upon the exercise of the exchange rights under the terms of the Exchangeable Bonds by its holders, the relevant holder of the Exchangeable Bonds will be entitled to receive a pro-rata share of the Exchange Property.

Unitholders of, and prospective investors in, Yuexiu REIT may refer to the Yuexiu Property Announcement for further details regarding the proposed issuance and the principal terms and conditions of the Exchangeable Bonds.

No new Units will be issued by Yuexiu REIT as a result of the issuance by the Issuer of the Exchangeable Bonds or upon any exchange of the Exchangeable Bonds, and no proceeds will be received by Yuexiu REIT as a result of the issuance or exchange of the Exchangeable Bonds.

As the proposed issuance of the Exchangeable Bonds is subject to the fulfilment of certain conditions precedent and may or may not materialise, unitholders of, and prospective investors in, Yuexiu REIT are reminded to exercise caution when dealing in the Units.

The board of directors (the “**Board**”) of Yuexiu REIT Asset Management Limited (the “**REIT Manager**”) (in its capacity as manager of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”)) has been informed by Yuexiu Property Company Limited (Stock Code: 00123) (“**Yuexiu Property**”) that Yuexiu Property (as guarantor) and Intellect Aim Management Limited (the “**Issuer**”), being a wholly-owned subsidiary of Yuexiu Property, have entered into a subscription agreement dated 8 April 2019 (the “**Subscription Agreement**”) with DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and Nomura International (Hong Kong) Limited (together, the “**Lead Managers**”), pursuant to which the Issuer has agreed to issue, and the Lead Managers have severally and not jointly agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, 1.875% exchangeable bonds with an initial aggregate principal amount of HK\$1,100,000,000 due 2020 (the “**Exchangeable Bonds**”), and Yuexiu Property has agreed to guarantee the payment of all sums payable by the Issuer in accordance with the terms and conditions of the Exchangeable Bonds. The Exchangeable Bonds are expected to be issued at an issue price of 100% of the principal amount at the closing of the transaction. Subject to the fulfilment of certain conditions precedent, the closing of the issuance of the Exchangeable Bonds is expected to take place on or around 30 April 2019.

The Exchangeable Bonds will initially be exchangeable into a total of 192,307,692 units of Yuexiu REIT (the “**Units**”) in issue (representing an initial exchange price of approximately HK\$5.72 per Unit), subject to the adjustment as set out in the terms of the Exchangeable Bonds for, among other things, subdivision, consolidation or redenomination of the Units, rights issues by Yuexiu REIT, and bonus issues by way of capitalisation of profits or reserves, capital distributions (including, for the avoidance of doubt, any distribution of assets in specie and any cash dividend or distribution of any kind paid or made by Yuexiu REIT in respect of the period from 1 July 2018 to 31 December 2018 and in respect of the period from 1

January 2019 to 30 June 2019) and reorganisation. The exchange property will initially comprise 192,307,692 Units in issue and shall include all securities and other property arising out of or derived or resulting therefrom, and such other property, in each case as may be deemed or required to comprise all or part of the exchange property pursuant to the terms and conditions of the Exchangeable Bonds (the “**Exchange Property**”) subject to the adjustment as aforementioned. Subject to the right of the Issuer to make a cash election in lieu of the pro-rata share of the Exchange Property as detailed in the Yuexiu Property Announcement (referred to below), each holder of the Exchangeable Bonds shall have the right, subject to the terms and conditions of the Exchangeable Bonds, to deposit all or any of its Exchangeable Bonds with the Issuer and to receive in exchange a pro-rata share of the Exchange Property as at the relevant exchange date. Neither the issuance of the Exchangeable Bonds nor any exercise of the exchange rights under the Exchangeable Bonds will involve the issuance of any new Units by Yuexiu REIT.

The Exchangeable Bonds are being offered and sold in an offering outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933 as amended.

Subject to the terms and conditions of the Exchangeable Bonds, the exchange rights under the Exchangeable Bonds will be exercisable at any time on or after the 41st day after the closing date of the Exchangeable Bonds issuance up to 7 days prior to the maturity date of the Exchangeable Bonds unless otherwise redeemed or having become due and payable as detailed in the Yuexiu Property Announcement (referred to below). The initial exchange price of approximately HK\$5.72 per Unit represents: (i) a premium of approximately 2.33% to the closing price of the Units of HK\$5.59 on 4 April 2019 (being the last trading day before the date of the Subscription Agreement); (ii) a premium of approximately 3.25% to HK\$5.54, being the average closing price of the Units over 10 trading days up to and including 4 April 2019; and (iii) a premium of approximately 5.15% to HK\$5.44, being the average closing price of the Units over 30 trading days up to and including 4 April 2019. Assuming the Exchangeable Bonds are fully exchanged into Units and the Issuer does not exercise its right to make a cash election, the Exchangeable Bonds will initially be exchangeable into a total of 192,307,692 Units (subject to adjustment), representing approximately 6.16% of the total number of Units in issue as at the date of this announcement. As at the date of this announcement, Yuexiu Property, together with its subsidiaries, has an aggregate holding of approximately 36.39% of all the Units in issue. When the Exchangeable Bonds are fully exchanged by the holders thereof into Units, assuming that the Issuer does not exercise its right to make a cash election and that there are no other change in unitholding in Yuexiu REIT, the total holding of Units by the Yuexiu Property group will reduce to approximately 30.23% of all the Units in issue.

Unitholders of, and prospective investors in, Yuexiu REIT may refer to Yuexiu Property's announcement issued on 9 April 2019 (the "**Yuexiu Property Announcement**") for further details regarding the proposed issuance and the principal terms and conditions of the Exchangeable Bonds. Information and other details in this announcement relating to the Exchangeable Bonds and the proposed issuance thereof are based on or derived from the Yuexiu Property Announcement.

It is mentioned in the Yuexiu Property Announcement that the board of directors of Yuexiu Property is of the view that the issuance of the Exchangeable Bonds is a desirable way for the Yuexiu Property group to dispose of a certain number of the Units held by it as planning for the future receipts of additional Units from Yuexiu REIT in the form of deferred consideration Units in connection with the sale of Guangzhou International Finance Center to Yuexiu REIT in 2012 and as payment of the base fee and variable fee components of the management fee payable by Yuexiu REIT to Yuexiu REIT Asset Management Limited (a subsidiary of Yuexiu Property), so as to ensure that the Yuexiu Property group maintains a steady and consistent level of unitholding in Yuexiu REIT. It is mentioned in the Yuexiu Property Announcement that the net proceeds raised through the issuance of the Exchangeable Bonds will be used by Yuexiu Property for general corporate purposes.

No new Units will be issued by Yuexiu REIT as a result of the issuance by the Issuer of the Exchangeable Bonds or upon any exchange of the Exchangeable Bonds, and no proceeds will be received by Yuexiu REIT as a result of the issuance or exchange of the Exchangeable Bonds. For the avoidance of doubt, neither Yuexiu REIT, nor any party acting on its behalf, is a party to the issuance of the Exchangeable Bonds. Upon the exercise of the exchange rights under the terms and conditions of the Exchangeable Bonds by their holders, the obligations to deliver or procure the delivery of relevant Units (as part of the relevant pro-rata share of the Exchange Property) to the holders in accordance with the terms and conditions of the Exchangeable Bonds are obligations of the Issuer (and the payment obligations of the Issuer under the Exchangeable Bonds are guaranteed by its holding company, Yuexiu Property), and neither Yuexiu REIT, nor any party acting on its behalf, has any obligation in respect thereof.

This announcement is made on a voluntary basis to provide unitholders of Yuexiu REIT and other investors with information relating to the Units.

As the proposed issuance of the Exchangeable Bonds is subject to the fulfilment of certain conditions precedent and may or may not materialise, unitholders of, and prospective investors in, Yuexiu REIT are reminded to exercise caution when dealing in the Units.

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, 9 April 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 Xiaou