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(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



ANNOUNCEMENT

UPDATE IN RELATION TO COVID-19

This announcement is made by Yuexiu REIT Asset Management Limited (the “**Manager**”) as the manager of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”) pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts.

Since the outbreak of the new coronavirus disease 2019 (“**COVID-19**”), the government of the People’s Republic of China (the “**PRC**”) has implemented various contingency measures such as an extension of the Chinese New Year holiday, as well as travel and work restrictions in certain provinces and municipalities. With signs of stabilisation, workers nationwide have gradually returned to work, except in Hubei Province where travel restrictions and suspension of commercial activities are still to be lifted. It is expected that the business environment in the PRC will remain soft in the near term until the spread of COVID-19 is effectually contained.

The entire property portfolio of Yuexiu REIT is situated in the PRC, with one property located in Wuhan, the municipality most affected by the outbreak of COVID-19. The board of directors of the Manager (the “**Board**”) expects that the financial results of Yuexiu REIT for the first half of 2020 will be adversely impacted due to: (i) temporary rental concessions being offered to certain tenants; and (ii) the operating performance of Four Seasons Guangzhou to date as a consequence of COVID-19, further details of which are set out below.

TEMPORARY RENTAL CONCESSIONS

The Manager regards all of Yuexiu REIT’s tenants as its business partners. To abide by its corporate social responsibility and to alleviate the operating pressure of tenants whose businesses are adversely affected by the outbreak, Yuexiu REIT will offer temporary rental concessions to certain tenants of offices, retail malls and the wholesale mall held by Yuexiu REIT in support of the commercial and retail industry in general and the affected tenants in particular during these very challenging times.

The rental concessions will be offered on a case-by-case basis. Having considered the situation in Wuhan, all tenants of Starry Victoria Shopping Centre (星匯維港購物中心) in Wuhan will be offered a waiver of two-month's rent. Based on the present circumstances, it is estimated that the total rental concessions in respect of all the properties held by Yuexiu REIT will be approximately RMB90,000,000, representing approximately 4.4% of the total gross revenue of Yuexiu REIT for the financial year ended 31 December 2019.

HOTEL AND SERVICED APARTMENTS UPDATE

The hotel industry in the PRC has been adversely affected by the COVID-19 outbreak and Four Seasons Hotel Guangzhou, being the only hotel in Yuexiu REIT's property portfolio, recorded a significant drop in its average occupancy rate during the Chinese New Year holidays and in February 2020. For the safety of its guests and employees, and taking heed of public health recommendations regarding social distancing, the hotel has temporarily suspended operations at four of its seven food and beverage outlets as well as its banquet and events services. It is presently unclear as to when such operations will resume business.

In comparison, the occupancy rate of Ascott IFC Guangzhou, being the serviced apartments held by Yuexiu REIT, is expected to remain steady, but slightly below target, as the majority of the tenancies are typically for 1 year or more, and these serviced apartments primarily service people living and working in Guangzhou, as opposed to tourists and business travellers. The long-term occupancy of the serviced apartments was approximately 79% as at 31 December 2019. The Manager will continue to improve the service quality at Ascott IFC Guangzhou with the aim to deliver a high quality living experience for its tenants and to maintain a stable operating performance during the COVID-19 epidemic.

MEASURES TO TACKLE AND MITIGATE BUSINESS DISRUPTION CAUSED BY COVID-19

The Manager has taken active steps to strengthen the standards of hygiene in all properties held by Yuexiu REIT with instruments and equipment installed for temperature detection, disinfection and sterilisation to help restore tenants' and shoppers' confidence and expedite resumption of operations and activities. The Manager has also put in place additional measures to safeguard the employees at the properties against the disease. The Manager has promoted various operational measures, such as those that facilitate tenants' adoption of an online-based sales and distribution model to better serve and retain homebound customers.

With respect to leasing, the Manager has directed more resources to boost Yuexiu REIT's online presence with advertisements that attract and invite potential tenants to view listings through the internet. The Manager will continue to study Yuexiu REIT's current tenant base and analyse the changing operating circumstances and pressures faced by tenants across different sectors so as to develop a more reasonable, targeted and effective leasing strategy during such challenging times. With respect to other businesses of Yuexiu REIT such as the hotel business, the Manager has implemented more stringent cost control measures in order to optimise cost savings.

While it remains uncertain as to when the COVID-19 epidemic might end and the PRC economy might fully recover, the Board will continue to monitor and assess the situation with respect to COVID-19, and remains committed to mitigate any adverse risk or impact COVID-19 may have on the operating and financial performance of Yuexiu REIT. The Manager will make further announcements as and when necessary or if there is any further material update with respect to the operation or business of Yuexiu REIT.

The information contained in this announcement is only based on the assessment made by the Board with reference to information currently available. Unitholders and potential investors of Yuexiu REIT are advised to exercise caution when dealing in the units of Yuexiu REIT.

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, 5 March 2020

As at the date of this announcement, the board of directors of the Manager is comprised as follows:

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