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

**Yuexiu REIT Asset Management Limited**

**PROPOSED ISSUE OF NOTES  
UNDER THE US\$1,000,000,000  
GUARANTEED MEDIUM TERM NOTE PROGRAMME**

This announcement is made pursuant to paragraph 10.3 of the REIT Code.

The Board wishes to announce that on 7 May 2013 the Issuer, the Manager and the Joint Lead Managers entered into the Subscription Agreement, and the Issuer and the Manager have executed the pricing supplement, pursuant to which the Joint Lead Managers have agreed severally and not jointly to subscribe for the aggregate principal amount of US\$350,000,000 3.10% guaranteed Notes due 2018 and to pay for the net subscription moneys for the Proposed Issue Notes. The Proposed Issue Notes will be issued at 100% of their aggregate nominal amount. The gross proceeds of the Proposed Issue Notes to be issued are expected to be approximately US\$350,000,000.

The Proposed Issue Notes will be offered and issued only to professional investors within the definition of “professional investor” under the SFO. Application will be made for the listing of, and permission to deal in, the Proposed Issue Notes on the Stock Exchange by way of debt issues to professional investors only.

HSBC (by reason of being a company within the same group as the REIT Trustee) is a connected person of Yuexiu REIT under the REIT Code. Hence, the Subscription Agreement and potentially the transactions contemplated therein constitute connected party transactions of Yuexiu REIT under the REIT Code. The Subscription Agreement CPTs constitute “corporate finance transactions” between Yuexiu REIT on the one part and the HSBC group on the other part respectively, and are covered by the waivers granted by the Securities and Futures Commission to Yuexiu REIT on 8 December 2005 from strict compliance with Chapter 8 of the REIT Code in relation to certain categories of transactions with parties related to the REIT Trustee. The Manager confirms that the details of the Subscription Agreement CPTs will be disclosed in the annual report of Yuexiu REIT for the year ended 31 December 2013, as required under the terms of the aforesaid waivers.

The net proceeds of the issuance of Proposed Issue Notes are expected to be approximately US\$345,816,000, and are intended to be used by Yuexiu REIT: (a) to repay HK\$2,502 million of existing indebtedness within three days of the issuance of Proposed Issue Notes; and (b) for general corporate purposes.

The issuance of the Proposed Issue Notes will increase the gearing ratio of Yuexiu REIT to 38.8%, which falls within the 45% threshold permitted under paragraph 7.9 of the REIT Code. Immediately after the Loan Repayment, the gearing ratio of Yuexiu REIT will decrease to 34.0%.

**Completion of the Subscription Agreement is subject to the satisfaction, or waiver, of the conditions precedent in the agreement. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Subscription Agreement may or may not be completed and the issuance of the Proposed Issue Notes may or may not proceed, unitholders of Yuexiu REIT (“Unitholders”) and prospective investors are reminded to exercise caution when dealing in the units of Yuexiu REIT (“Units”).**

This announcement is made pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts (the “**REIT Code**”).

Reference is made to the announcement dated 21 March 2013 made by Yuexiu REIT Asset Management Limited (as manager of Yuexiu Real Estate Investment Trust) (the “**Manager**”) pursuant to paragraph 10.3 of the REIT Code regarding the establishment and proposed listing of the US\$1,000,000,000 Guaranteed Medium Term Note Programme. Unless otherwise stated, terms defined in that announcement shall have the same meaning when used herein.

## **SUBSCRIPTION AGREEMENT**

**Date:** 7 May 2013

**Parties:** (1) the Issuer  
(2) the Manager  
(3) Bank of China (Hong Kong) Limited, BOCI Asia Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) and Morgan Stanley & Co. International plc as managers (together, the “**Joint Lead Managers**”)

Subject to and in accordance with the provisions of the subscription agreement as described above (the “**Subscription Agreement**”), the Joint Lead Managers have agreed severally and not jointly to subscribe for the aggregate principal amount of US\$350,000,000 3.10% guaranteed Notes due 2018 (the “**Proposed Issue Notes**”) under the Programme and to pay for the net subscription moneys for the Proposed Issue Notes. The Issuer has agreed to issue the Proposed Issue Notes on 14 May 2013 (the “**Issue Date**”) to the Joint Lead Managers (or as the Joint Lead Managers may direct). The Proposed Issue Notes will be issued at 100% of their aggregate nominal amount.

The Issuer, failing whom the Manager, has agreed to pay, to each Joint Lead Manager a combined management and underwriting commission and certain of their expenses in connection with the issue of the Proposed Issue Notes. Such commission(s) will be deducted by the Joint Lead Managers from the subscription moneys prior to payment to the Issuer. After receiving such payment, the Issuer, failing whom the Manager, will reimburse the Joint Lead Managers for their expenses in connection with the issue of the Proposed Issue Notes.

The Proposed Issue Notes will be offered and issued only to professional investors within the definition of “professional investor” under the SFO. The Proposed Issue Notes will be offered and sold only outside the US in reliance on Regulation S under the Securities Act.

## Conditions Precedent in the Subscription Agreement

The obligations of the Joint Lead Managers to subscribe and pay for the Proposed Issue Notes are conditional upon, among other things:

- (a) the Issuer and the Manager having performed all of their respective obligations under the Dealer Agreement to be performed on or before the Issue Date of the Proposed Issue Notes and upon the accuracy, on the Issue Date of the Proposed Issue Notes, of the representations and warranties of the Issuer and the Manager;
- (b) the REIT Trustee having performed all of its obligations under the letter agreement from the REIT Trustee to the Manager and the dealers named in the Dealer Agreement (the “**REIT Trustee Letter**”) to be performed on or before the Issue Date of the Proposed Issue Notes and upon the accuracy, on the Issue Date of the Proposed Issue Notes, of the representations and warranties of the REIT Trustee in the REIT Trustee Letter; and
- (c) the Stock Exchange having agreed to list the Proposed Issue Notes, subject only to their issue.

## PRICING SUPPLEMENT

The Issuer and the Manager have executed the pricing supplement dated 7 May 2013 recording the final terms of the Proposed Issue Notes.

A summary of the principal terms of the Proposed Issue Notes is as follows:

- Issuer: Yuexiu REIT MTN Company Limited, a company incorporated in the British Virgin Islands with limited liability.
- (The Issuer is a special purpose vehicle wholly-owned and controlled by Yuexiu REIT.)
- Guarantor: HSBC Institutional Trust Services (Asia) Limited (in its capacity as trustee of Yuexiu REIT)
- Rating: “Baa2” by Moody’s Investors Service Inc., a subsidiary of Moody’s Investors Service, Inc., and “BBB” by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc.

Aggregate nominal amount:	US\$350,000,000
Issue price:	100% of the aggregate nominal amount
Gross proceeds:	US\$350,000,000, being the aggregate nominal amount multiplied by the issue price
Issue date and interest commencement date:	14 May 2013
Maturity date:	14 May 2018
Interest:	3.10% per annum, payable semi-annually in arrear
Redemption amount:	100% of the aggregate nominal amount
Listing:	Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Proposed Issue Notes on the Stock Exchange by way of “debt issues to professional investors only”, in accordance with Chapter 37 of the Listing Rules. Such investors will fall within the definition of “professional investor” under the SFO. The listing of, and permission to deal in, the Proposed Issued Notes is expected to become effective on or about 15 May 2013.

Based on the issue price and interest payable on the Proposed Issue Notes, the yield to maturity of the Proposed Issue Notes is 3.10%.

## REDEMPTION RIGHTS

The holders of the Proposed Issue Notes (the “**Noteholders**”) are entitled to certain redemption rights under the terms and conditions of the Programme (the “**Terms and Conditions**”) contained in the offering circular of the Issuer dated 21 March 2013, including (among others) the Change of Control Put Option (as defined below).

If, at any time while any of the Proposed Issue Notes remain outstanding, one of the Change of Control Put Events (as defined in the Terms and Conditions) occurs, then the holder of each such Note will have the option (a “**Change of Control Put Option**”), subject to certain conditions, to require the Issuer to redeem that Note at US\$1,010 per US\$1,000 (being the calculation amount) of the Proposed Issue Notes.

A “**Change of Control Put Event**” includes, among others, if:

- (i) the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People’s Government, Guangzhou Yuexiu Holdings Limited (“**GZYY**”) (being the ultimate controlling unitholder of Yuexiu REIT), Yuexiu Property Company Limited or their respective successors (together, the “**Permitted Holders**”) cease to have control of more than 30% of the voting rights of the issued share capital of the Manager or any subsequent manager of Yuexiu REIT, or the right to appoint and/or remove all or the majority of the members of the Board or the board of any subsequent manager of Yuexiu REIT;
- (ii) the percentage ownership of Units by the Permitted Holders is reduced below 15% of the total number of Units in issue from time to time; or
- (iii) the Permitted Holders in aggregate cease to be the single largest owner of the Units.

Accordingly, the condition described above imposes obligations on GZYY to maintain a minimum holding in the share capital of the Manager and in the Units of Yuexiu REIT, which constitutes specific performance obligations on a controlling shareholder, the breach of which would entitle the Noteholders to exercise their Change of Control Put Options pursuant to the Terms and Conditions.

The aggregate amount of Notes that may be affected if the Noteholders exercise their Change of Control Put Options is US\$350,000,000, being the aggregate nominal amount of the Proposed Issue Notes. The life of the facility, being the tenor of the Proposed Issue Notes, is 5 years.

## **CONNECTED PARTY TRANSACTION**

HSBC (by reason of being a company within the same group as the REIT Trustee) is a connected person of Yuexiu REIT under the REIT Code. Hence, the Subscription Agreement and potentially the transactions contemplated therein constitute connected party transactions of Yuexiu REIT under the REIT Code. The Subscription Agreement and the transactions contemplated therein that involve HSBC (the “**Subscription Agreement CPTs**”) constitute “corporate finance transactions” between Yuexiu REIT on the one part and the HSBC group on the other part respectively, and are covered by the waivers granted by the Securities and Futures Commission to Yuexiu REIT on 8 December 2005 from strict compliance with Chapter 8 of the REIT Code in relation to certain categories of transactions with parties related to the REIT Trustee. The Manager confirms that the details of the Subscription Agreement CPTs will be disclosed in the annual report of Yuexiu REIT for the year ended 31 December 2013, as required under the terms of the aforesaid waivers.

## **OTHER INFORMATION**

### **Use of net proceeds and gearing ratio**

The net proceeds of the issuance of Proposed Issue Notes are expected to be approximately US\$345,816,000, and are intended to be used by Yuexiu REIT: (a) to repay HK\$2,502 million of existing indebtedness within three days of the issuance of Proposed Issue Notes (“**Loan Repayment**”); and (b) for general corporate purposes.

The issuance of the Proposed Issue Notes will increase the gearing ratio of Yuexiu REIT to 38.8%, which falls within the 45% threshold permitted under paragraph 7.9 of the REIT Code. Immediately after the Loan Repayment, the gearing ratio of Yuexiu REIT will decrease to 34.0%.

### **Further announcement**

The Manager will make a further announcement when the Proposed Issue Notes are issued, and also in respect of any change or update in relation to the Programme or any issue of the Notes in the future (and also publish a formal notice where the Notes are to be issued and listed on the Stock Exchange in accordance with the Listing Rules).

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, 8 May 2013

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

<i>Executive Directors:</i>	<i>Messrs. LIANG Ningguang (Chairman) and LIU Yongjie</i>
<i>Non-executive Director:</i>	<i>Mr. LI Feng</i>
<i>Independent Non-executive Directors:</i>	<i>Messrs. CHAN Chi On Derek, LEE Kwan Hung Eddie and CHAN Chi Fai Brian</i>