

The Securities and Futures Commission of Hong Kong, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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



Yuexiu REIT Asset Management Limited

ANNOUNCEMENT

**PAYMENT OF MANAGER'S FEE TO
YUEXIU REIT ASSET MANAGEMENT LIMITED
BY WAY OF UNITS AND CASH**

Reference is made to the circular of the REIT dated 30 June 2012 pursuant to which the payment of Manager's Fee (in the form of cash and Units in the proportions as set out therein) pursuant to the Manager Fee Units Arrangement will be made as if the REIT Manager had, in respect of each of the Payment Periods, elected to receive a portion of its Manager's Fee in the form of Units. As no Independent Unitholders' approval has been obtained for the purpose of electing to receive Manager Fee Units in a different proportion to that stated in the Circular for the Relevant Period, the REIT Manager is taken to have elected to receive 95% of its Manager's Fee in the form of Units and 5% of its Managers' Fee in the form of cash for the Relevant Period of 1 January 2014 to 30 June 2014. The total Manager's Fee for the Relevant Period of 1 January 2014 to 30 June 2014 is RMB49,730,593 (which is equivalent to approximately HK\$62,524,319).

The Board announces that on 28 August 2014, the REIT issued 14,801,421 new Units (representing approximately 0.53% of the 2,799,795,685 Units in issue immediately after such issue) at the price of HK\$4.013 per Unit (being the Market Price) as payment of 95% the Manager's Fee for the Relevant Period, which amounts to HK\$59,398,103 (which is equivalent to approximately RMB47,244,063). The remaining 5% of the Manager's Fee for the Relevant Period which amounts to RMB2,486,530 (which is equivalent to approximately HK\$3,126,216) will be paid to the REIT Manager in cash on 1 September 2014. As the REIT Manager wishes to concentrate on its management functions, it has designated YXII to receive the Manager Fee Units. Accordingly, the Manager Fee Units were issued to YXII instead of the REIT Manager. YXII was also previously designated by the REIT Manager to receive the Manager Fee Units issued prior to the Relevant Period, and held 41,784,523 Units immediately before its receipt of the new Manager Fee Units for the Relevant Period. Immediately after issuance of the new Manager Fee Units and as at the date of this announcement, YXII holds 56,585,944 Units (representing approximately 2.02% of the 2,799,795,685 Units in issue immediately after such issue). As at the date of this announcement, the REIT Manager does not have any interest in any Units.

This announcement is made pursuant to paragraph 10.4(k) of the REIT Code.

Reference is made to the circular of Yuexiu Real Estate Investment Trust (the "REIT") (the "Circular") dated 30 June 2012. Unless the context requires otherwise, terms used in this announcement shall have the same meaning as those defined in the Circular. As disclosed in the Circular, the payment of Manager's Fee for the period from 1 July 2012 to 31 December 2017 is to be satisfied and paid in the form of cash and Units in the proportions set out below:

Year/period	Proportion of Manager's Fee to be satisfied in the form of Manager Fee Units	Proportion of Manager's Fee to be satisfied in the form of cash
1 July 2012 to 31 December 2012	100%	0%
Year ending 31 December 2013	100%	0%
Year ending 31 December 2014	95%	5%
Year ending 31 December 2015	90%	10%
Year ending 31 December 2016	85%	15%
Year ending 31 December 2017	80%	20%

Pursuant to the Manager Fee Units Arrangement, which was approved by Independent Unitholders at the EGM held on 23 July 2012, the payment of Manager's Fee (in the form of cash and Units in the above proportions) will be made as if the REIT Manager had, in respect of each of the above periods, elected (pursuant to clause 15.1 of the Trust Deed) to receive a portion of its Manager's Fee in the form of Units. In respect of the above periods, the REIT Manager will forego its right under the Trust Deed to elect to receive Manager Fee Units in a different proportion to that stated in the Circular, unless Independent Unitholders' approval is obtained for such purpose. As no Independent Unitholders' approval has been obtained for such purpose for the period from 1 January 2014 to 30 June 2014 (the "**Relevant Period**"), the REIT Manager is taken to have elected to receive 95% of its Manager's Fee in the form of Units and 5% of its Manager's Fee in the form of cash for the Relevant Period.

Payment of Manager's Fee

The Board announces that on 28 August 2014, the REIT issued 14,801,421 new Units (representing approximately 0.53% of the 2,799,795,685 Units in issue immediately after such issue) at the price of HK\$4.013 per Unit (being the average closing price of the Units on the Stock Exchange for the ten consecutive trading days immediately preceding the date on which the Manager Fee Units are issued (the "**Market Price**")) as payment for 95% of the Manager's Fee for the Relevant Period, which amounts to HK\$59,398,103 (which is equivalent to approximately RMB47,244,063). The remaining 5% of the Manager's Fee for the Relevant Period which amounts to RMB2,486,530 (which is equivalent to approximately HK\$3,126,216) will be paid to the REIT Manager in cash on 1 September 2014. The Manager's Fee for the Relevant Period is the aggregate of the Base Fee (as defined below) and Service Fee (as defined below) in respect of the Relevant Period, which amounts to a total of RMB49,730,593 (which is equivalent to approximately HK\$62,524,319).

The Base Fee and Service Fee are calculated on the following basis:

- (i) a base fee of 0.3% per annum of the Value (as defined in the Trust Deed) of the Deposited Property payable semi-annually in arrears and calculated as at the last day of each six- month period (the "**Base Fee**"); and
- (ii) a service fee of 3% per annum of the Net Property Income (as defined in the Trust Deed) as shown in the last published audited annual financial statements of the REIT (being RMB860,419,000 for the financial year ended 31 December 2013), subject to certain adjustments, payable semi-annually in arrears (the "**Service Fee**").

The basis of determination of the 14,801,421 Units as payment of 95% of the Manager's Fee for the Relevant Period, which was obtained by dividing the HK\$ equivalent amount of 95% of the Manager's Fee payable for the Relevant Period (which is denominated in RMB) by the Market Price, is consistent with the relevant provisions of the Trust Deed.

As the REIT Manager wishes to concentrate on its management functions, it has designated Yuexiu International Investment Limited (formerly known as Union Gain International Limited) ("YXII"), a wholly-owned subsidiary of Yuexiu Property Company Limited, to receive the Manager Fee Units. Accordingly, the Manager Fee Units were issued to YXII instead of the REIT Manager. YXII was also previously designated by the REIT Manager to receive the Manager Fee Units issued prior to the Relevant Period, and held 41,784,523 Units immediately before its receipt of the new Manager Fee Units for the Relevant Period. Immediately after issuance of the new Manager Fee Units and as at the date of this announcement, YXII holds 56,585,944 Units (representing approximately 2.02% of the 2,799,795,685 Units in issue immediately after such issue). YXII is not a nominee of the REIT Manager and does not hold the Manager Fee Units on behalf of the REIT Manager. As at the date of this announcement, the REIT Manager does not have any interest in any Units.

The Manager Fee Units are denominated in HK\$. The exchange rate adopted by the REIT Manager to calculate the amount of Units that are issuable by the REIT for payment of the Manager's Fee for the Relevant Period (which is denominated in RMB) is the average closing exchange rate, as announced by the People's Bank of China, for the five business days preceding the date of this announcement.

Waiver of requirements for Unitholders' approval

The payment of a portion of the Manager's Fee by way of Units is in accordance with the terms of the Trust Deed and does not require specific prior approval of the Unitholders pursuant to a waiver granted by the SFC (the "**Manager Fee Units Waiver**"). Principal provisions regarding the Manager's Fee have been set out in detail in the offering circular dated 12 December 2005 in connection with the initial public offering of the Units by the REIT in December 2005 and the circular of the REIT dated 4 February 2008, and the Manager Fee Units Arrangement have been set out in the Circular.

The Manager Fee Units Waiver was granted by the SFC subject to the following conditions:

- (i) the number of Units issued to the REIT Manager as payment of all or part of the Manager's Fee for each financial year of the REIT will be counted as part of the 20% (or such lower percentage as permitted by the REIT Code from time to time) of outstanding Units that the REIT Manager may issue in each financial year without Unitholders' approval pursuant to paragraph 12.2 of the REIT Code;
- (ii) in respect of each financial year, the maximum number of Units that may be issued to the REIT Manager as payment of all or part of the Manager's Fee for that financial year shall be limited to such number of Units which represent 3% of the total number of Units outstanding as at the last day of the immediately preceding financial year plus the number of Units (if any) issued in the relevant financial year for the purpose of financing any acquisition of real estate by the REIT;
- (iii) any issuance of Units to the REIT Manager as payment of all or part of the Manager's Fee shall be made strictly in accordance with the requirements of the Trust Deed; and
- (iv) in the event that any payment of all or part of the Manager's Fee in the form of Units exceeds the relevant thresholds set out in paragraph 12.2 of the REIT Code and paragraph (ii) above, and Unitholders' approval is not obtained for the issue of Units for such purpose, then payment of that excess part of the Manager's Fee, as the case may be, will be made by the REIT to the REIT Manager in cash.

Total number of Units issued as payment for Manager's Fee in respect of the financial year ended 31 December 2014

The 14,801,421 Units, being the total number of Units issued so far as payment of a portion of the Manager's Fee in respect of the financial year ended 31 December 2014, represent approximately 0.53% of the Units outstanding as at 31 December 2013 (being the last day of the immediately preceding financial year), which is less than the 3% limit stipulated by condition (ii) of the Manager Fee Units Waiver set out above.

General

The REIT Manager confirms that, to the best of its knowledge, save as disclosed in the announcement, it is not aware of any other information discloseable under paragraph 10.3 and 10.4 of the REIT Code.

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, 28 August 2014

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

Executive Directors: Mr. LIU Yongjie (Chairman) and Mr. LIN Deliang

Non-executive Director: Mr. LI Feng

Independent Non-executive Directors: Mr. CHAN Chi On Derek, Mr. LEE Kwan Hung Eddie and Mr. CHAN Chi Fai Brian