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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

**APPLICATION FOR INCREASE IN SIZE AND LISTING OF
US\$1,500,000,000 GUARANTEED MEDIUM TERM NOTE
PROGRAMME**

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

The REIT Manager proposes to update the Programme, including to increase its limit from US\$1,000,000,000 to US\$1,500,000,000. Application has been made to the Stock Exchange for: (i) the Proposed Update; and (ii) the listing of the Updated Programme and the listing of, and permission to deal in, any Notes issued thereunder within 12 months after 13 April 2018 on the Stock Exchange by way of “debt issues to professional investors only”, in accordance with Chapter 37 the Listing Rules. The listing of the Updated Programme is expected to become effective on or about 16 April 2018. Notwithstanding the above, the listing status of the 2013 Notes is not affected.

Save as disclosed in this announcement, there has been no material change to the terms of the Programme as disclosed in the Programme Establishment Announcement and the Programme Update Announcement, as well as the terms of the 2013 Notes.

The Arrangers of the Updated Programme include The Hongkong and Shanghai Banking Corporation Limited, Chong Hing Bank Limited and Yue Xiu Securities Company Limited, who are connected persons of Yuexiu REIT under the REIT Code. Accordingly, any transactions with HSBC, CHB and Yue Xiu Securities which may result from the Amended and Restated Dealer Agreement, comprising payment of fees for their services and/or subscription of Notes, will be connected party transactions of Yuexiu REIT under the REIT Code.

The HSBC Programme-related CPTs will be 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 REIT Manager will disclose in Yuexiu REIT's annual report the details of any HSBC Programme-related CPTs, as required under the terms of the above waivers.

The REIT Manager will comply with all connected party transactions requirements under Chapter 8 of the REIT Code in respect of any Yuexiu Arrangers Programme-related CPTs, including reporting and announcement requirements.

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

Reference is made to: (i) the announcement dated 21 March 2013 (the “**Programme Establishment Announcement**”) made pursuant to paragraph 10.3 of the REIT Code by Yuexiu REIT Asset Management Limited (as manager of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”) (the “**REIT Manager**”) regarding the establishment and proposed listing of the US\$1,000,000,000 Guaranteed Medium Term Note Programme (the “**Programme**”); and (ii) the announcement dated 16 May 2014 made by the REIT Manager regarding the application for listing of US\$1,000,000,000 Guaranteed Medium Term Note Programme (the “**Programme Update Announcement**”, and together with the Programme Establishment Announcement, the “**Announcements**”). Unless otherwise stated, terms defined in the Announcements shall have the same meaning when used herein.

APPLICATION FOR PROPOSED UPDATE OF THE PROGRAMME AND LISTING

Pursuant to Rule 37.41 of the Listing Rules (which is directly applicable to the Issuer, being a wholly-owned subsidiary of Yuexiu REIT), the Programme is valid for issuing listed Notes for one year after the date it is published. Accordingly, the validity for issuing listed Notes under the Programme expired on 15 May 2015, being one year after the Programme was last published.

The REIT Manager proposes to update the Programme, including to increase its limit from US\$1,000,000,000 to US\$1,500,000,000 (the “**Proposed Update**”, and the resulting Programme being the “**Updated Programme**”). Application has been made to the Stock Exchange for: (i) the Proposed Update; and (ii) the listing of the Updated Programme and the listing of, and permission to deal in, any Notes issued thereunder within 12 months after 13 April 2018 on the Stock Exchange by way of “debt issues to professional investors only”, in accordance with Chapter 37 the Listing Rules. Such investors will fall within the definition of “professional investor” under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”). The listing of the Updated Programme is expected to become effective on or about 16 April 2018. Notwithstanding the above, the listing status of the US\$350,000,000 3.10% guaranteed Notes issued pursuant to the Programme on 14 May 2013 (the “**2013 Notes**”), which will be due on 14 May 2018, is not affected.

The Updated Programme is guaranteed by HSBC Institutional Trust Services (Asia) Limited (in its capacity as trustee of, and with recourse limited to the assets of, Yuexiu REIT) and arranged by Bank of China (Hong Kong) Limited, CMBC Securities Company Limited, Chong Hing Bank Limited (“**CHB**”), DBS Bank Ltd., Deutsche Bank AG, Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”), Morgan Stanley & Co. International plc., Nomura International plc and Yue Xiu Securities Company Limited (“**Yue Xiu Securities**”) as arrangers (collectively, the “**Arrangers**”). To the best of the knowledge, information and belief of the REIT Manager, other than CHB, HSBC and Yue Xiu Securities, all of the Arrangers are independent third parties of Yuexiu REIT and are not connected persons of Yuexiu REIT.

The Updated Programme allows for the issue of Notes in any currency or tenor subject to compliance with relevant laws, regulations, directives or requirements. Notes may be interest bearing or non-interest bearing. Interest may accrue at a fixed rate or a floating rate or other variable rate. The Notes to be issued under the Updated Programme are unsecured. The REIT Manager considers that the Notes to be issued will be on terms which are customary for medium-term note in the market.

The Updated Programme is rated “Baa3” 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.. Tranches of Notes to be issued under the Updated Programme may be rated or unrated. Where a tranche of Notes is to be rated, such rating will not necessarily be the same as any rating assigned to the Updated Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In respect of any further ratings, the REIT Manager will comply with the disclosure obligations under paragraphs 10.3 and 10.4 of the REIT Code.

Save as disclosed in this announcement, there has been no material change to the terms of the Programme as disclosed in the Programme Establishment Announcement and the Programme Update Announcement, as well as the terms of the 2013 Notes.

The Issuer will not issue any Notes if doing so will cause Yuexiu REIT’s gearing ratio to exceed the 45% threshold permitted under paragraph 7.9 of the REIT Code. As disclosed in the latest audited financial statements of Yuexiu REIT, the gearing ratio of Yuexiu REIT is approximately 36.0%.

POTENTIAL CONNECTED PARTY TRANSACTIONS UNDER THE UPDATED PROGRAMME

An amended and restated dealer agreement relating to the Updated Programme and the offering and sale of Notes (the “**Amended and Restated Dealer Agreement**”) was entered into by the Issuer, the REIT Manager and the Arrangers (as arrangers and dealers) on 13 April 2018. The Arrangers (as arrangers and dealers) include HSBC, CHB and Yue Xiu Securities, who are connected person of Yuexiu REIT under the REIT Code.

HSBC Programme-related CPTs

HSBC, being a company within the same group as the REIT Trustee, is a connected person of Yuexiu REIT under the REIT Code. Accordingly, any transactions with HSBC which may result from the Amended and Restated Dealer Agreement, comprising payment of fees for its services and/or subscription of Notes, will be connected party transactions of Yuexiu REIT under the REIT Code (the “**HSBC Programme-related CPTs**”).

The HSBC Programme-related CPTs will constitute “corporate finance transactions” between Yuexiu REIT and the HSBC group, and will be 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 REIT Manager will disclose in Yuexiu REIT’s annual report the details of any HSBC Programme-related CPTs, as required under the terms of the above waivers.

Yuexiu Arrangers Programme-related CPTs

Each of CHB and Yue Xiu Securities (the “**Yuexiu Arrangers**”) is an associated company of the REIT Manager by reason of Yue Xiu Enterprises (Holdings) Limited (being a significant holder (as defined in the REIT Code)) controlling more than 20% of the voting rights of each of the Yuexiu Arrangers and the REIT Manager. Accordingly, each of the Yuexiu Arrangers is a connected person of Yuexiu REIT pursuant to paragraph 8.1(g) of the REIT Code. Therefore, any transactions with the Yuexiu Arrangers which may result from the Amended and Restated Dealer Agreement, comprising payment of fees for their services and/or subscription of Notes, will be connected party transactions of Yuexiu REIT under the REIT Code (the “**Yuexiu Arrangers Programme-related CPTs**”).

The REIT Manager will comply with all connected party transactions requirements under Chapter 8 of the REIT Code in respect of any Yuexiu Arrangers Programme-related CPTs, including reporting and announcement requirements.

After due consideration of the terms of the Updated Programme, including those of the Amended and Restated Dealer Agreement, and other relevant factors in connection with the financing needs of Yuexiu REIT, the board of directors of the REIT Manager (including the independent non-executive directors) are satisfied that: (i) the Updated Programme and the transactions contemplated thereunder are at arm’s length, on normal commercial terms, and are fair and reasonable and in the interests of Yuexiu REIT, the independent Unitholders and the Unitholders as a whole notwithstanding that any Yuexiu Arrangers Programme-related CPTs will constitute connected party transactions under the REIT Code; and (ii) the Updated Programme and the transactions contemplated thereunder are consistent with the investment objectives and strategy of Yuexiu REIT.

FURTHER ANNOUNCEMENT

The REIT Manager will make an announcement in respect of any further change or update in relation to the Updated Programme, any issuance of Notes in the future (including the use of net proceeds of such issuance and its impact on Yuexiu REIT's gearing ratio) and/or any Yuexiu Arrangers Programme-related CPTs as and when required under the REIT Code. The REIT Manager will 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, 16 April 2018

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

Executive Directors: Mr. LIN Deliang and Mr. CHENG Jiuzhou

Non-executive Directors: Mr. LIN Zhaoyuan (Chairman) and Mr. LI Feng

Independent Non-executive Directors: Mr. CHAN Chi On, Derek, Mr. CHAN Chi Fai, Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaou