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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



DISCLOSEABLE TRANSACTION
DISPOSAL OF NEO METROPOLIS PLAZA PROPERTY

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

On 14 December 2018, the Trustee (in its capacity as trustee of Yuexiu REIT) as Seller, the Manager and the Purchaser entered into the Share Purchase Deed in respect of the sale of the Neo Metropolis Plaza Property (through its holding company) by Yuexiu REIT. To the best knowledge, information and belief of the Manager, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are not Connected Persons and are third parties independent of Yuexiu REIT.

The Final Acquisition Price payable by the Purchaser for the purchase of the Sale Shares and assignment of the Offshore Payable shall be the Target Property Price of RMB1,178,000,000 plus all assets of the Target Group (other than the Neo Metropolis Plaza Property) minus all liabilities of the Target Group (other than liabilities in respect of the Offshore Payable and deferred tax liabilities), in each case as at the Completion Date. The Final Acquisition Price shall be apportioned firstly, as payment of the Loan Consideration (which the Parties have agreed shall be deemed to be the amount of RMB165,092,570, being the total amount of the Offshore Payable expected to be outstanding as at 21 December 2018) and thereafter, as payment of the Equity Consideration. The Target Property Price represents a premium of approximately 5.8% to the Appraised Value. The Target Group is not expected to have any material assets or liabilities at Completion other than the Neo Metropolis Plaza Property and the Payables.

The net profit (after deducting all charges except taxation and before extraordinary items) attributable to the Target Group represents approximately 13.4% of the net profit (after deducting all charges except taxation and before extraordinary items) of Yuexiu REIT for the year ended 31 December 2017. The HKD equivalent of the Target Property Price (being HKD1,338,682,001 based on an exchange rate of 0.87997) represents approximately 8.9% of the total market capitalisation of Yuexiu REIT (based on the average closing price of the Units on the Hong Kong Stock Exchange for the five business days immediately preceding the date of this announcement). As both of the aforesaid percentage ratios are above 5%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules as if the relevant requirements were applicable to Yuexiu REIT. The Target Property Price is less than 15% of the gross asset value of Yuexiu REIT, and the gross assets of the Target Group represent approximately 4.2% of the gross assets of Yuexiu REIT's portfolio, as at 30 June 2018.

The Manager is satisfied that no Unitholders' approval is required for the Disposal pursuant to the REIT Code and the Trust Deed.

As the Disposal is subject to the satisfaction of the Conditions and, accordingly, may or may not proceed to Completion, Unitholders and prospective investors of Yuexiu REIT are advised to exercise caution when dealing in the Units.

1. SHARE PURCHASE DEED

On 14 December 2018, the Trustee (in its capacity as trustee of Yuexiu REIT) as Seller, the Manager and the Purchaser entered into the Share Purchase Deed in respect of the sale of the Neo Metropolis Plaza Property (through its holding company) by Yuexiu REIT. The Seller is the legal owner of the Sale Shares, being the entire issued share capital of the Target Company, which wholly-owns the Project Company, which is in turn the registered legal owner of the land use rights underlying the Neo Metropolis Plaza Property. Under the Share Purchase Deed: (a) the Seller, pursuant to the instruction of the Manager, agreed to sell the Sale Shares to the Purchaser; and (b) the Manager agreed to procure the assignment of the Offshore Payable to the Purchaser on the terms and conditions of the Loan Assignment Deed, with the rights attached to them as at and from the Completion Date.

So far as the Manager is aware, the Purchaser is a special purpose vehicle principally engaged in investment holding activities and is wholly-owned and controlled by a real estate fund. To the best knowledge, information and belief of the Manager, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are not Connected Persons and are third parties independent of Yuexiu REIT.

The principal terms of the Share Purchase Deed are as follows:

- Date** : 14 December 2018
- Parties** : (1) the Trustee (in its capacity as trustee of Yuexiu REIT) as Seller;
- (2) the Manager; and
- (3) the Purchaser, who (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) is not a Connected Person and is a third party independent of Yuexiu REIT.
- Property to be indirectly disposed of** : The Neo Metropolis Plaza Property (details of which are set out in section 2 below).
- Consideration** : The consideration payable by the Purchaser for the purchase of the Sale Shares and assignment of the Offshore Payable shall be the Target Property Price of RMB1,178,000,000 plus all assets of the Target Group (other than the Neo Metropolis Plaza Property) minus all liabilities of the Target Group (other than liabilities in respect of the Offshore Payable and deferred tax liabilities), in each case as at the Completion Date (the “**Final Acquisition Price**”). The Final Acquisition Price shall be apportioned in the following manner: (a) firstly, as payment for the assignment of the Offshore Payable (which the Parties have agreed shall be deemed to be the amount of RMB165,092,570, being the total amount of the Offshore Payable expected to be outstanding as at 21 December 2018) (the “**Loan Consideration**”); and (b)

thereafter, as payment of the consideration payable by the Purchaser to the Seller for the sale of the Sale Shares (the “**Equity Consideration**”). The Target Group is not expected to have any material assets or liabilities at Completion other than the Neo Metropolis Plaza Property and the Payables.

Within 15 days after the Completion Date, the Manager shall prepare and deliver to the Certifying Accountant (with a copy to the Purchaser) the consolidated financial statement of the Target Group as at the Completion Date (which shall include the balance sheet for the Target Group as at the Completion Date and the profit and loss statement for the Target Group for the period from 1 January 2018 to the Completion Date) (the “**Completion Financial Statement**”). The Purchaser and the Manager shall procure the Certifying Accountant to, as soon as possible and in any event within 30 days after receipt of the Completion Financial Statement: (a) complete an audit of the Completion Financial Statement and deliver to the Purchaser and the Manager the audited Completion Financial Statement (including the audited balance sheet for the Target Group as at the Completion Date (the “**Audited Completion Balance Sheet**”)) with adjustments (if any) proposed by the Certifying Accountant (as adjusted, the “**Audited Completion Financial Statement**”); and (b) based on the Audited Completion Balance Sheet, produce a statement (the “**Final Acquisition Price Statement**”) as to the amount of the Final Acquisition Price calculated based on the agreed formula set out in the Share Purchase Deed, and deliver the Audited Completion Financial Statement and the Final Acquisition Price Statement to the Purchaser and the Manager.

The Target Property Price, being the value attributed to the Neo Metropolis Plaza Property as agreed between the Manager and the Purchaser, has been arrived at on a willing buyer and a willing seller arm's length transaction basis after taking into account: (a) the quality and historic performance of the Neo Metropolis Plaza Property; and (b) the Appraised Value as at 30 September 2018 (being RMB1,113,000,000) as appraised by Savills Valuation and Professional Services Limited, an independent property valuer and the principal valuer of Yuexiu REIT who is not a Connected Person and is a third party independent of Yuexiu REIT. The Target Property Price represents a premium of approximately 5.8% to the Appraised Value.

Initial Payment and Completion payment : On or prior to the date of execution of the Share Purchase Deed, the Purchaser shall pay an amount of HKD134,180,791, being the HKD equivalent of RMB117,800,000 (which represents 10% of the Target Property Price) (the “**Initial Payment**”) to the Escrow Agent for credit to the Escrow Account in accordance with the terms of the Escrow Agreement, which shall be refundable to the Purchaser where: (a) the Seller or the Manager fails to comply with its Completion Obligations and the Purchaser elects to terminate the Share Purchase Deed for such reason; or (b) the Conditions have not been fulfilled prior to Completion and the Share Purchase Deed is terminated as a result.

On the Completion Date:

(a) the Purchaser shall pay the HKD equivalent of RMB1,025,192,083 (being a net amount equal to the Benchmark Date Estimated Acquisition Price minus the Bulletin 7 Escrow Amount) less the amount of HKD134,180,791 (being the HKD equivalent of the Initial Payment), to GZI 2005 Company (in its own capacity as assignor of the Offshore Payable as to the Loan Consideration, and in its capacity as nominee of the Seller as to the Equity Consideration);

- (b) the Purchaser shall pay RMB48,000,000 (the “**Bulletin 7 Escrow Amount**”) to the Escrow Agent for credit to the Escrow Account in accordance with the terms of the Escrow Agreement, which shall be used to settle the Seller’s Bulletin 7 tax obligations as described under the paragraph headed “Tax obligations under Share Purchase Deed” below; and
- (c) the Purchaser and the Manager shall procure that the Initial Payment be released and paid to GZI 2005 Company (in its own capacity as assignor of the Offshore Payable as to the Loan Consideration, and in its capacity as nominee of the Seller as to the Equity Consideration).

Final payment : Within five business days after delivery of the Audited Completion Financial Statement and the Final Acquisition Price Statement by the Certifying Accountant:

- (a) the Purchaser shall pay one hundred percent (100%) of all costs and expenses of the Certifying Accountant for the preparation of the Audited Completion Financial Statements and the Final Acquisition Price Statement;
- (b) if the Final Acquisition Price minus fifty percent (50%) of the amount actually paid or payable by the Purchaser to the Certifying Accountant under subparagraph (a) above is higher than the Benchmark Date Estimated Acquisition Price, the Purchaser shall pay to the Seller or its nominee an amount equal to the excess;
- (c) if the Final Acquisition Price minus fifty percent (50%) of the amount actually paid or payable by the Purchaser to the Certifying Accountant under subparagraph (a) above is lower than the Benchmark Date Estimated Acquisition Price, the Manager shall refund or procure the refund to the Purchaser an amount equal to the shortfall.

Currency and exchange rate : The Final Acquisition Price and other payments pursuant to the Share Purchase Deed will (unless otherwise specified therein) be paid in cash in HKD based on the median exchange rate between RMB and HKD published by the People’s Bank of China at the relevant time as stated in the Share Purchase Deed. The Bulletin 7 Escrow Amount will be paid into the Escrow Account in RMB.

Tax obligations under Share Purchase Deed : Pursuant to the Share Purchase Deed, the Manager shall: (a) as soon as possible and in any event within 30 days after Completion, report the entering into of the Share Purchase Deed and the Disposal contemplated thereunder to the relevant PRC tax authority; and (b) as soon as practicable after the Final Acquisition Price is determined, inform the relevant PRC tax authority of the Final Acquisition Price and report all relevant information with respect to the Disposal reasonably available to the Manager to the relevant PRC tax authority.

The Manager has also covenanted in the Share Purchase Deed that, among other things, the Manager shall, subject to the release of the amount from the Escrow Account, settle and pay (or procure the settlement and payment) in full the taxes for which the Seller is finally assessed and/or determined to be liable under Bulletin 7 as a result of its entry into the Share Purchase Deed (the “**Bulletin 7 Tax Amount**”) to the relevant PRC tax authority within the time period required by the applicable law, rules and regulations as applied by the relevant PRC tax authority. The Manager has also agreed to indemnify the Purchaser for loss arising from the failure of the Seller or the Manager to comply with their obligations under Bulletin 7. Such tax under Bulletin 7 shall be paid from the Bulletin 7 Escrow Amount deposited into the Escrow Account, and: (a) if the Bulletin 7 Tax Amount exceeds the Bulletin 7 Escrow Amount, the Manager shall settle and pay (or procure the settlement and payment of) the difference;

and (b) if the Bulletin 7 Tax Amount is less than the Bulletin 7 Escrow Amount, the remaining balance shall be released from the Escrow Account to the Seller or its nominee in accordance with the Share Purchase Deed and the Escrow Agreement. Based on the advice of Yuexiu REIT's tax consultant, the Bulletin 7 Tax Amount is estimated to be approximately RMB57,479,076 (the "**Estimated Bulletin 7 Tax Amount**"), although such amount is subject to the relevant PRC tax authority's final assessment and/or determination.

The Manager has also covenanted in the Share Purchase Deed to pay to the Purchaser an amount equal to any tax liability of the Target Company or the Project Company resulting from any income, profits or gains earned or any tax event as contemplated under the Share Purchase Deed occurring on or before the Completion Date.

- Conditions precedent** : Completion is conditional on: (a) there being no statute, regulation or decision imposed on or affecting the Seller, the Target Company, the Project Company and/or the Neo Metropolis Plaza Property which would prohibit or materially delay the sale and purchase of the Sale Shares or the Disposal or which would prohibit or materially restrict the operation of the Target Group or the Neo Metropolis Plaza Property having been enacted or taken by any PRC government authority; and (b) there being no outstanding breach of any of the fundamental warranties as set out in the Share Purchase Deed on the Completion Date which would entitle the Purchaser to make one or more claims exceeding the aggregate amount of RMB53,659,604.15, being five percent (5%) of the Benchmark Date Estimated Acquisition Price (the "**Conditions**"). The Conditions shall not be waivable by either Party.
- Completion Date** : 21 December 2018, or such earlier or later date as may be agreed by the Purchaser and the Manager in writing.

Warranties : The Share Purchase Deed contains certain customary warranties given by the Manager in respect of the Target Group, the Sale Shares, the Offshore Payable and the Neo Metropolis Plaza Property. The liability in respect of any breach of warranties is subject to the limitations (such as, among others, time limit and amount of total liability) set out in the Share Purchase Deed.

Indemnities : The Manager has agreed to indemnify the Purchaser for certain matters specified in the Share Purchase Deed, which are considered by the Manager to be normal commercial terms.

Termination : If the Seller's or the Manager's Completion Obligations are not fully complied with, the Purchaser shall be entitled to terminate the Share Purchase Deed (save for certain provisions in respect of confidentiality which shall remain binding as between the Parties) without liability on its part, in which case the Purchaser and the Manager shall procure that the Initial Payment be released from the Escrow Account and paid to a bank account designated by the Purchaser and the Seller shall pay to the Purchaser liquidated damages of an amount equal to the Initial Payment.

If the Purchaser's Completion Obligations are not fully complied with, the Manager shall be entitled to terminate the Share Purchase Deed (save for certain provisions in respect of confidentiality which shall remain binding as between the Parties) without liability on the part of the Seller and/or the Manager, in which case the Initial Payment shall be forfeited as liquidated damages in lieu of any further claims and the Purchaser and the Manager shall procure that the Initial Payment be released from the Escrow Account and paid to a bank account designated by the Manager.

The Share Purchase Deed shall terminate without liability on the part of any Party in the event that the Conditions have not been fulfilled prior to Completion, in which case the Purchaser and the Manager shall procure that the Initial Payment be released from the Escrow Account and paid to a bank account designated by the Purchaser.

2. NEO METROPOLIS PLAZA PROPERTY

The Neo Metropolis Plaza Property comprises basement 1, ground floor to 4th floor of a commercial podium, a clubhouse on the 6th floor and an 18-storey office building with a 2-storey basement carpark spaces, which are part of a commercial complex located at Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258 Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, the PRC. The Neo Metropolis Plaza Property represents approximately 72.3% (based on gross floor area) of Yue Xiu Neo Metropolis Plaza (越秀新都會大廈), with the remaining 27.7% being owned by third parties independent of Yuexiu REIT. Completed in 2007, the Neo Metropolis Plaza Property was acquired by Yuexiu REIT in June 2008 through acquiring the Target Company and Project Company from an indirect wholly-owned subsidiary of Yuexiu Property Company Limited (then known as Guangzhou Investment Company Limited) for a final consideration of approximately HKD675,396,000. The Target Group's principal business activity is investment holding and leasing.

The Appraised Value as at 30 September 2018 was RMB1,113,000,000. As at 30 September 2018, the Neo Metropolis Plaza Property had a gross floor area of approximately 61,960.0 sq.m. and gross rentable area (comprising commercial and office portions) of approximately 49,887.3 sq.m. Its occupancy rate for the commercial and office portions was approximately 97.9% as at 30 September 2018. The net profits (before taxation) attributable to the Target Group were RMB84,004,000 and RMB239,128,000 for the years ended 31 December 2016 and 31 December 2017 respectively. The net profits (after taxation) attributable to the Target Group were RMB52,943,000 and RMB154,336,000 for the years ended 31 December 2016 and 31 December 2017 respectively. The total assets,

net asset value, total revenue and the net property income of the Target Group as at and for the six months ended 30 June 2018 and as at and for the year ended 31 December 2017 were as follows:

	As at and for the six months ended 30 June 2018		As at and for the year ended 31 December 2017	
	<i>Approx. % of Yuexiu REIT's Amount (RMB'000) portfolio</i>		<i>Approx. % of Yuexiu REIT's Amount (RMB'000) portfolio</i>	
(1) Total assets	1,513,448 ⁽¹⁾	4.2%	1,337,408 ⁽²⁾	3.8%
(2) Net asset value	612,582 ⁽¹⁾	4.2%	647,623 ⁽²⁾	4.5%
(3) Total revenue	36,423 ⁽¹⁾	3.6%	71,701 ⁽²⁾	3.9%
(4) Net property income	30,390 ⁽¹⁾	4.2%	58,726 ⁽³⁾	4.5%

Notes:

(1) Based on unaudited figures as of 30 June 2018.

(2) Based on audited figures as of 31 December 2017.

(3) Based on unaudited figures as of 31 December 2017.

3. FEES PAYABLE BY YUEXIU REIT TO THE MANAGER AND THE TRUSTEE IN RELATION TO THE DISPOSAL

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of RMB5,890,000 (the “**Divestment Fee**”), being 0.5% of the Target Property Price, which shall be paid as soon as practicable after Completion. Pursuant to the Trust Deed, the Manager may elect to receive the Divestment Fee in the form of cash or, with the prior approval of the Unitholders by an ordinary resolution, entirely in the form of Units or partly in cash and partly in the form of Units. The Manager elects to receive the Divestment Fee in the form of cash.

Pursuant to Clause 15.2 of the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee in connection with the Disposal which are of an exceptional nature or otherwise outside the scope of the Trustee’s normal duties in the ordinary and normal course of business of Yuexiu REIT (the “**Trustee’s Additional Fees**”). The Trustee has agreed with the Manager that it will charge Yuexiu REIT a one-time additional fee of up to HKD600,000 for duties undertaken by it in connection with the Disposal, which shall be paid as soon as practicable after Completion.

4. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the disposal of the Neo Metropolis Plaza Property is in line with the Manager's proactive asset management strategy of recycling capital and optimising returns. Given that the Target Property Price is higher than the Appraised Value as at 30 September 2018, the Disposal is expected to be accretive to the NAV of Yuexiu REIT on a pro forma basis. Furthermore, the Disposal will enable the Manager to streamline its operations, allocate resources more efficiently and use the net proceeds from the Disposal for the purposes set out in section 5 of this announcement headed "Use of Proceeds".

Upon Completion, a gain of approximately RMB242,447,675 (calculated based on the Target Property Price, and deducting therefrom: (i) the Appraised Value; (ii) the Estimated Expenses; and (iii) the Estimated Bulletin 7 Tax Amount, and adding thereto: (iv) deferred tax liabilities of RMB248,767,000 (which are transferred to the Purchaser upon Completion without affecting the Final Acquisition Price)) is expected to result from the Disposal.

However, as the net property income attributable to the Target Group will no longer contribute to the net property income of Yuexiu REIT from the Completion Date, the Disposal is expected to be decreative to the DPU of Yuexiu REIT on a pro forma basis.

For details of the pro forma financial effects of the Disposal on NAV and DPU, please refer to section 6 of this announcement headed "Financial Effects of the Disposal".

5. USE OF PROCEEDS

The Manager currently intends to use the net proceeds from the Disposal, being approximately RMB1,001,555,834 (based on the Benchmark Date Estimated Acquisition Price after deducting the Estimated Expenses and the Estimated Bulletin 7 Tax Amount) to pay in full the deferred consideration for Yuexiu REIT's acquisition of 67.0% of the holding company which owns the Wuhan Property (which is payable in cash on or before 21 December 2018), with the remaining net proceeds to be used for funding potential future acquisition opportunities that may arise and general corporate purposes of Yuexiu REIT and its subsidiaries.

The amount of the abovementioned deferred consideration is approximately RMB822,428,464 being: (i) the sum of the Deferred Completion Payment (being approximately RMB803,723,860) and the remaining 40.0% of the WH True-up Payment (being approximately RMB79,429); plus (ii) interest on the net

amount under (i) accrued at a margin of 1.0% per annum over HIBOR from the date of completion of the acquisition of 67.0% of the holding company which owns the Wuhan Property (being 21 December 2017) to the date that such amount is paid (which is expected to be 21 December 2018).

The Trust Deed does not require the Manager to distribute realised gains from the Disposal to Unitholders.

6. FINANCIAL EFFECTS OF THE DISPOSAL

The pro forma financial effects of the Disposal on DPU and NAV below are strictly for illustrative purposes only and do not reflect the actual financial position of Yuexiu REIT following Completion, and do not constitute a profit forecast. They have been prepared based on the unaudited consolidated financial statements of Yuexiu REIT as at and for the six months ended 30 June 2018, assuming that: (a) Yuexiu REIT had disposed of the Sale Shares on 1 January 2018 for the purpose of the pro forma DPU and 30 June 2018 for the purpose of the pro forma NAV per unit; and (b) the net proceeds (after payment of the Estimated Expenses and the Estimated Bulletin 7 Tax Amount) were used to finance the deferred consideration in respect of the acquisition of 67.0% of the holding company which owns the Wuhan Property on 21 December 2017.

(i) Pro forma DPU for the six months ended 30 June 2018

Based on historical leasing and operational data of Yuexiu REIT, the pro forma DPU for the six months ended 30 June 2018, subject to the abovementioned assumptions, would have been RMB0.1379 instead of RMB0.1400.

(ii) Pro forma NAV per Unit as at 30 June 2018

The pro forma NAV per Unit as at 30 June 2018, as if Yuexiu REIT had disposed of the Sale Shares on 30 June 2018, would have been RMB4.86 instead of RMB4.78.

7. EXPECTED GEARING RATIO

Based on the management accounts of Yuexiu REIT for the period from 1 January 2018 to 31 October 2018, and after adjusting for the repayment of a loan of approximately RMB200,000,000 in November 2018, the Gearing Ratio was approximately 38.19% as at 31 October 2018. The Gearing Ratio is expected to be approximately 39.24% after, (i) completion of the Disposal; (ii) payment

of the deferred consideration in respect of the acquisition of 67.0% of the holding company which owns the Wuhan Property; and (iii) payment of the Bulletin 7 Tax Amount (assuming that this is equal to the Estimated Bulletin 7 Tax Amount).

Pursuant to the Trust Deed and in compliance with paragraph 7.9 of the REIT Code, the Gearing Ratio of Yuexiu REIT shall not at any time exceed 45%.

8. REGULATORY IMPLICATIONS

To the best knowledge, information and belief of the Manager, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are not Connected Persons and are third parties independent of Yuexiu REIT. Therefore, the Disposal does not constitute a connected party transaction of Yuexiu REIT under the REIT Code.

The net profit (after deducting all charges except taxation and before extraordinary items) attributable to the Target Group represents approximately 13.4% of the net profit (after deducting all charges except taxation and before extraordinary items) of Yuexiu REIT for the year ended 31 December 2017. The HKD equivalent of the Target Property Price (being HKD1,338,682,001 based on an exchange rate of 0.87997) represents approximately 8.9% of total market capitalisation of Yuexiu REIT (based on the average closing price of the Units on the Hong Kong Stock Exchange for the five business days immediately preceding the date of this announcement). As both of the aforesaid percentage ratios are above 5%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules as if the relevant requirements were applicable to Yuexiu REIT. The Target Property Price is less than 15% of the gross asset value of Yuexiu REIT, and the gross assets of the Target Group represent approximately 4.2% of the gross assets of Yuexiu REIT's portfolio, as at 30 June 2018.

The Manager is satisfied that no Unitholders' approval is required for the Disposal pursuant to the REIT Code and the Trust Deed.

9. OPINIONS OF THE BOARD AND THE TRUSTEE

The Board (including the independent non-executive Directors) is satisfied that the Disposal and the terms and conditions of the Share Purchase Deed are at arm's length, on normal commercial terms, fair and reasonable and in the interests of Yuexiu REIT and the Unitholders as a whole. Further, the Board is satisfied that no Unitholders' approval is required under the REIT Code for the Disposal.

Based and in sole reliance on the opinion of the Board and the information in this announcement, together with the information and assurances provided by the Manager to the Trustee, the Trustee is satisfied that: (a) the Disposal is in compliance with the REIT Code and the Trust Deed; and (b) no Unitholders' approval is required under the REIT Code for the Disposal.

10. FURTHER ANNOUNCEMENTS

The Manager will make an announcement upon Completion having taken place and further announcement(s) as and when required under the REIT Code, including when the amount of the Final Acquisition Price is determined. After the Bulletin 7 Tax Amount is finally assessed, if the final amount of the net proceeds from the Disposal is different from the amount stated in previous announcement(s), the Manager will also publish an announcement on the final amount of the net proceeds from the Disposal.

The Manager will also make an announcement on the deferred consideration in respect of the acquisition of 67.0% of the holding company which owns the Wuhan Property as soon as practicable after such amount has been paid (whether or not the net proceeds from the Disposal are used to pay such deferred consideration).

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

As the Disposal is subject to the satisfaction of the Conditions and, accordingly, may or may not proceed to Completion, Unitholders and prospective investors of Yuexiu REIT are advised to exercise caution when dealing in the Units.

11. DEFINITIONS

In this announcement, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

“Appraised Value”	RMB1,113,000,000, being the value of the Neo Metropolis Plaza Property as at 30 September 2018 as appraised by Savills Valuation and Professional Services Limited, an independent property valuer and the principal valuer of Yuexiu REIT
“Audited Completion Balance Sheet”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”

“Audited Completion Financial Statement”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Benchmark Date”	31 May 2018
“Benchmark Date Estimated Acquisition Price”	RMB1,073,192,083, being the Target Property Price of RMB1,178,000,000 plus all assets of the Target Group (other than the Neo Metropolis Plaza Property) minus all liabilities of the Target Group (other than liabilities in respect of the Offshore Payable and deferred tax liabilities), in each case as at the Benchmark Date
“Board”	the board of Directors
“Bulletin 7”	the tax notice issued by the PRC State Administration of Taxation titled <i>the State Administration of Taxation’s Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises</i> (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (State Administration of Taxation Bulletin [2015] No. 7 (國家稅務總局公告2015年第7號)), as may be amended or supplemented from time to time and including any similar or replacement law on the tax treatment of offshore indirect transfers of property of an “establishment or place” situated in the PRC, real estate situated in the PRC, equity interests in PRC resident enterprises and any other property directly held by a non-resident enterprise and whose transfer results in enterprise income tax liability for the non-resident enterprise in accordance with the provisions of the <i>Enterprise Income Tax Law of the PRC</i> , including any applicable laws in the PRC against the avoidance of PRC tax
“Bulletin 7 Escrow Amount”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Bulletin 7 Tax Amount”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”

“Certifying Accountant”	PricewaterhouseCoopers or any other independent firm of certified accountants of international repute agreed in writing between the Purchaser and the Manager
“Completion”	completion of the Disposal pursuant to the Share Purchase Deed
“Completion Date”	21 December 2018, or such other earlier or later date as may be agreed by the Purchaser and the Manager in writing
“Completion Financial Statement”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Completion Obligations”	the obligations of a Party in respect of Completion under the Share Purchase Deed
“Conditions”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Connected Person(s)”	has the meaning given to this term in Chapter 8 of the REIT Code
“Deferred Completion Payment”	has the meaning given to this term in the circular dated 15 November 2017 published by Yuexiu REIT in connection with the acquisition of 67.0% of the holding company which owns the Wuhan Property
“Directors”	the directors of the Manager
“Disposal”	the disposal of the Sale Shares and the assignment of the Offshore Payable under the Share Purchase Deed and the Loan Assignment Deed
“Divestment Fee”	has the meaning given to this term in section 3 of this announcement headed “Fees Payable by Yuexiu REIT to the Manager and the Trustee in relation to the Disposal”
“DPU”	distribution per Unit
“Equity Consideration”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”

“Escrow Account”	the designated bank account in the names of the Escrow Agent, GZI 2005 Company and the Purchaser into which the Initial Payment and the Bulletin 7 Escrow Amount shall be paid, held and released in accordance with the Escrow Agreement and the Share Purchase Deed
“Escrow Agent”	United Overseas Bank Limited, Hong Kong Branch, which, to the best of the knowledge, information and belief of the Manager, having made all reasonable enquiries, is not a Connected Person and is a third party independent of Yuexiu REIT
“Escrow Agreement”	the agreement for the establishment and administration of the Escrow Account dated 10 December 2018 entered into among the Escrow Agent, GZI 2005 Company and the Purchaser
“Estimated Bulletin 7 Tax Amount”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Estimated Expenses”	the estimated total fees and charges payable by Yuexiu REIT in relation to the Disposal (including the Divestment Fee, the Trustee’s Additional Fees, advisory fees and professional fees), being approximately RMB13,840,000
“Final Acquisition Price”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Final Acquisition Price Statement”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Gearing Ratio”	the aggregate borrowings of Yuexiu REIT (as calculated under the Trust Deed) as a percentage of the total gross asset value of Yuexiu REIT (as calculated under the Trust Deed)

“GZI 2005 Company”	GZI REIT (Holding) 2005 Company Limited (越秀房託(控股)2005有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned special purpose vehicle of Yuexiu REIT which will, subject to Completion, receive part of the Final Acquisition Price in respect of the assignment of the Offshore Payable in its own capacity as Assignor and the other part of the Final Acquisition Price in respect of the sale of the Sale Shares in the capacity as nominee of the Seller
“HIBOR”	has the meaning given to this term in the circular dated 15 November 2017 published by Yuexiu REIT in connection with the acquisition of 67.0% of the holding company which owns the Wuhan Property
“HKD”	Hong Kong dollars, the lawful or official currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Initial Payment”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Loan Assignment Deed”	the deed of assignment for the Offshore Payable to be entered into on Completion by GZI 2005 Company as assignor, the Purchaser as assignee and the Target Company as debtor
“Loan Consideration”	has the meaning given to this term in section 1 of this announcement headed “Share Purchase Deed”
“Manager”	Yuexiu REIT Asset Management Limited, in its capacity as manager of Yuexiu REIT
“NAV”	net assets attributable to Unitholders

“Neo Metropolis Plaza Property”	approximately 72.3% (based on gross floor area) of Yue Xiu Neo Metropolis Plaza (formerly known as Yue Xiu New Metropolis), located at Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258, Zhongshanliu Road, Yue Xiu District, Guangzhou City, Guangdong Province, the PRC
“Offshore Payable”	the amount owed by the Target Company to GZI 2005 Company as at Completion, the benefit of which is to be assigned to the Purchaser at Completion for a consideration of an amount equal to the Loan Consideration and on the terms and conditions of the Loan Assignment Deed
“Onshore Creditor”	Guangzhou Yuexiu City Construction International Finance Center Co., Ltd.* (廣州越秀城建國際金融中心有限公司), being a wholly-owned special purpose vehicle of Yuexiu REIT
“Onshore Payable”	the amount owed by the Project Company to the Onshore Creditor as at Completion, being RMB100,000,000, which shall be repaid by the Purchaser on behalf of the Project Company at Completion
“Parties”	the parties to the Share Purchase Deed, and each a “Party”
“Payables”	the Offshore Payable and the Onshore Payable
“PRC”	The People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region
“Project Company”	Guangzhou Jieyacheng Properties Co., Ltd.* (廣州捷雅城房地產開發有限公司), a company incorporated under the laws of the PRC which directly owns the land use rights in respect of the Neo Metropolis Plaza Property

“Purchaser”	Metro Guangzhou Investment Pte. Ltd., a company incorporated under the laws of Singapore which, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, is not a Connected Person and is a third party independent of Yuexiu REIT
“REIT”	Real Estate Investment Trust
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified from time to time
“RMB”	Renminbi, the lawful or official currency of the PRC
“Sale Shares”	100 issued shares of the Target Company, to which the entire amount of issued share capital of the Target Company is attributable
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Purchase Deed”	the agreement for the sale and purchase of the entire issued share capital of the Target Company dated 14 December 2018 entered into between the Seller, the Manager and the Purchaser, pursuant to which the Seller agreed to sell the Sale Shares to the Purchaser and the Manager agreed to procure the assignment of the Offshore Payable to the Purchaser on the terms and conditions of the Loan Assignment Deed, with their respective rights attached to them as at and from the Completion Date
“sq.m.”	square metre
“Target Company”	Metrogold Development Limited (金都發展有限公司), a company incorporated under the laws of the British Virgin Islands and a wholly-owned special purpose vehicle of Yuexiu REIT which indirectly owns the land use rights in respect of the Neo Metropolis Plaza Property
“Target Group”	the group of companies comprising the Target Company and the Project Company

“Target Property Price”	RMB1,178,000,000, being the value attributed to the Neo Metropolis Plaza Property as agreed between the Manager and the Purchaser
“Trust Deed”	the trust deed constituting Yuexiu REIT dated 7 December 2005 and entered into between the Trustee and the Manager, as may be amended and supplemented from time to time
“Trustee” or “Seller”	HSBC Institutional Trust Services (Asia) Limited, a company incorporated in Hong Kong, in its capacity as the trustee of Yuexiu REIT. All references to the Trustee and the Seller in this announcement are, as the context may require, to it acting on behalf of Yuexiu REIT and on the instructions of the Manager
“Trustee’s Additional Fees”	has the meaning given to this term in section 3 of this announcement headed “Fees Payable by Yuexiu REIT to the Manager and the Trustee in relation to the Disposal”
“Unit”	one undivided unit in Yuexiu REIT
“Unitholder(s)”	any person registered as holding a Unit on the register of unitholders of Yuexiu REIT
“WH True-up Payment”	has the meaning given to this term in the circular dated 15 November 2017 published by Yuexiu REIT in connection with the acquisition of 67.0% of the holding company which owns the Wuhan Property
“Wuhan Property”	the property located in Wuhan, Hubei, the PRC, which comprises: (a) the entire 68-storey office and commercial development known as “Wuhan Yuexiu Fortune Centre (武漢越秀財富中心)”; (b) the entire five-storey shopping arcade known as “Starry Victoria Shopping Centre (星匯維港購物中心)” (inclusive of a one-storey basement); (c) the 1,134 carpark spaces designated as spaces supporting the retail and office portions of the Wuhan Property; and (d) the 375 carpark spaces designated as spaces supporting the residential development known as “Starry Winking (星匯雲錦)”

“Yuexiu REIT”	Yuexiu Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time
“%”	per cent or percentage

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, 14 December 2018

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

<i>Executive Directors:</i>	<i>Mr. LIN Deliang (Chairman) and Mr. CHENG Jiuzhou</i>
<i>Non-executive Directors:</i>	<i>Mr. LI Feng and Mr. LIANG Danqing</i>
<i>Independent Non-executive Directors:</i>	<i>Mr. CHAN Chi On, Derek, Mr. CHAN Chi Fai, Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou</i>

** for identification purposes only*