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**(Stock code: 00405)**

**Managed by**



## **ANNOUNCEMENT**

### **TEMPORARY RENTAL CONCESSIONS IN SUPPORT OF TENANTS IMPACTED BY 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 (“**REIT Code**”).

Multiple waves of coronavirus disease 2019 (“**COVID-19**”) outbreaks have emerged in the People’s Republic of China (“**PRC**”) since the beginning of 2022, spreading to some major cities where properties of Yuexiu REIT are situated, including Guangzhou, Shanghai and Wuhan. These widespread outbreaks resulted in various public health measures to curb the spread of COVID-19, including mass testing, regional lockdowns and travel restrictions (the “**COVID-19 Measures**”).

The entire property portfolio of Yuexiu REIT is situated in the PRC. The board of directors of the Manager (the “**Board**”) expects that the financial results of Yuexiu REIT for the first half of 2022 will be adversely impacted due to: (i) temporary rental concessions being offered to certain tenants; and (ii) the impact of the COVID-19 Measures on the operating performance of Four Seasons Guangzhou (as a consequence of COVID-19), further details of which are set out below.

## TEMPORARY RENTAL CONCESSIONS

As a result of the implementation of the COVID-19 Measures, certain provincial or municipal governments in the PRC have also issued guidelines in relation to the offering of rental concessions by landlords (which are state-owned enterprises) to qualifying tenants (“**Rental Concession Guidelines**”). The Manager regards all of Yuexiu REIT’s tenants as its long-term business partners. As such, having considered various factors, including (i) Yuexiu REIT’s corporate social responsibility, (ii) the Rental Concession Guidelines, (iii) the relevant profiles of Yuexiu REIT’s tenants, and (iv) the operating pressure of tenants whose businesses were and may continue to be 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 (namely White Horse Building (白馬大廈) in Guangzhou, Yue Xiu Tower (上海越秀大廈) in Shanghai and Starry Victoria Shopping Centre (星匯維港購物中心) in Wuhan, but shall not include International Grade A office buildings) in support of the affected tenants and commercial and retail industry generally during these challenging times.

The temporary rental concessions offered comprise the following: (i) all tenants (excluding connected persons (as defined under the REIT Code) of Yuexiu REIT) of White Horse Building will be offered a waiver of three-months’ rent; (ii) certain tenants (excluding connected persons of Yuexiu REIT) of Yue Xiu Tower will be offered a waiver of between one and a half to two-months’ rent (depending on the profiles of relevant tenants); whereas (iii) certain tenants of Starry Victoria Shopping Centre (excluding connected persons of Yuexiu REIT) will be offered a waiver of one-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 amount to approximately RMB80 million, representing approximately 4.5% of the total gross revenue of Yuexiu REIT for the financial year ended 31 December 2021. As completion of the acquisition of Yuexiu Financial Tower took place on 23 December 2021, only a few days of revenue generated from Yuexiu Financial Tower has been accounted towards the total gross revenue of Yuexiu REIT for the year ended 31 December 2021. Furthermore, as at the date of this announcement, Yuexiu Financial Tower’s tenants are not subject to the temporary rental concessions to be offered by Yuexiu REIT, and hence the rental income generated from Yuexiu Financial Tower in 2022 is not currently expected to be significantly adversely affected.

## **HOTEL BUSINESS UPDATE**

The hotel industry in the PRC has been adversely affected by the COVID-19 outbreak and the COVID-19 Measures, and Four Seasons Hotel Guangzhou, being the only hotel in Yuexiu REIT's property portfolio, has recorded a moderate drop in its average occupancy rate during the first five months of 2022 (as compared to the corresponding period in 2021), which is in turn is expected to have a negative impact on the gross revenue generated from Four Seasons Hotel Guangzhou for the year. As a mitigating measure, the Manager has implemented more stringent cost control measures in order to optimise cost savings.

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

The Manager is committed to the continued prevention of outbreak of COVID-19 within its properties and has continually implemented various measures to strengthen the standards of hygiene in all properties held by Yuexiu REIT (for example, installation of instruments and equipment for temperature detection, and regular disinfection and sterilization), with the aim to help restore tenants' and shoppers' confidence and expedite resumption of operations and activities. The Manager has also put in place a host of measures to safeguard the employees at the properties against the disease. There are various operational measures in place, 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 analyze 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 these challenging times. All such measures aim to ultimately protect Yuexiu REIT's financial and liquidity positions, both of which remain healthy.

Given Yuexiu REIT's proactive asset management strategy, and its historical track record in terms of its business and financial performance, with the expected gradual decline in the number of COVID-19 cases and easing of the COVID-19 Measures, the Board remains optimistic that occupancy rates and rental income of the properties held by Yuexiu REIT will improve and stabilize for the remainder of 2022.

The Board will continue to closely monitor the development of the COVID-19 situation and assess its impact on Yuexiu REIT's operations and financial performance, and will make further announcement(s) as and when appropriate or if there is any further material update as to the impact of the COVID-19 situation on Yuexiu REIT.

**The information contained in this announcement is only based on the assessment made by the Board with reference to information currently available, which has neither been reviewed nor audited by Yuexiu REIT's auditors. 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  
**Yuexiu REIT Asset Management Limited**  
(as manager of Yuexiu Real Estate Investment Trust)  
**YU Tat Fung**  
*Company Secretary*

Hong Kong, 10 June 2022

*As at the date of this notice, the board of Directors of the Manager is comprised as follows:*

*Executive Directors:*

*Mr. Lin Deliang (Chairman) and Ms. Ou Haijing*

*Non-executive Directors:*

*Mr. Li Feng and Mr. Zeng Zhizhao*

*Independent Non-executive Directors:*

*Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brian,  
Mr. Cheung Yuk Tong and Mr. Chen Xiaoou*