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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**

#### **(1) PAYMENT OF MANAGER'S FEE BY WAY OF UNITS AND CASH**

**AND**

#### **(2) TRUST DEED AMENDMENTS IN RELATION TO MANAGER FEE UNITS**

The Relevant Period Manager's Fee for the period from 1 July 2019 to 31 December 2019 is RMB75,480,211 (which is equivalent to approximately HK\$82,777,004). Based on the Election made by the REIT Manager on 15 January 2019: (i) RMB60,384,169 (which is equivalent to approximately HK\$66,221,603), being 80% of the Relevant Period Manager's Fee, shall be settled in the form of Units; and (ii) RMB15,096,042 (which is equivalent to approximately HK\$16,555,401), being the remaining 20% of the Relevant Period Manager's Fee, shall be settled in the form of cash.

Having regard to, amongst other factors, the present extraordinary circumstances relating to COVID-19 and the associated volatility of Unit prices, the REIT Manager considers that it is in the best interests of the independent Unitholders to defer part of its Relevant Period Manager's Fee to be settled in the form of Units. The Relevant Period Manager's Fee to be settled in the form of Units will be settled in two tranches, specifically: (A) RMB48,127,443 (which is equivalent to approximately HK\$52,780,000) has been settled by the issuance of one tranche of new Units on the Manager Fee Units Reference Date (being 3 April 2020) at the prevailing Market Price; and (B) RMB12,256,726 (which is equivalent to approximately HK\$13,441,603) will be deferred and settled after the Manager Fee Units Reference Date by issuing another tranche of new Units, at the applicable Market Price at such later date which the REIT Manager considers is in the interests of the independent Unitholders provided the Trustee has no objection to such issuance. In total, the REIT Manager will be entitled to receive up to 17,565,412 new Units for the Relevant Period, which represents approximately 0.54% of the 3,223,421,963 Units in issue (as enlarged by the Issued Manager Fee Units and the maximum number of Deferred Manager Fee Units).

The Board (including all the independent non-executive Directors) considers that the deferment of part of the Relevant Period Manager's Fee to be settled in the form of Units, and the consequential deferred issuance of the Deferred Manager Fee Units, are in the interests of the independent Unitholders.

Based on the information and confirmations provided by the Manager and the applicable provisions of the Supplemental Deed, the Trustee has no objection to such deferment.

To facilitate the issuance of the Deferred Manager Fee Units, and the pricing thereof, the REIT Manager and the Trustee entered into the Supplemental Deed to effect certain amendments to the Trust Deed on 3 April 2020, the full text of which are set out in the Appendix to this announcement. The Trustee has certified that, in its opinion, the Amendments do not materially prejudice the interests of Unitholders, do not operate to release to any material extent the Trustee or the REIT Manager or any other person from any liability to the Unitholders and do not increase the costs and charges payable from the REIT. Accordingly, no specific approval from Unitholders is required for the Amendments.

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

Reference is made to the announcement of Yuexiu Real Estate Investment Trust (the "**REIT**") (the "**Announcement**") dated 15 January 2019. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

### **Calculation of Manager's Fee**

The Manager's Fee for the period from 1 July 2019 to 31 December 2019 (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 RMB75,480,211 (which is equivalent to approximately HK\$82,777,004) (the "**Relevant Period Manager's Fee**").

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 RMB1,494,740,000 for the financial year ended 31 December 2019), subject to certain adjustments, payable semi-annually in arrears (the "**Service Fee**").

As stated in the Announcement, the REIT Manager has notified the Trustee of its Election in respect of the Manager's Fee for the year ending 31 December 2019 to be paid to the REIT Manager in the form of Units as to 80% and in the form of cash as to 20%.

Based on the Election: (i) RMB60,384,169 (which is equivalent to approximately HK\$66,221,603), being 80% of the Relevant Period Manager's Fee, shall be settled in the form of Units; and (ii) RMB15,096,042 (which is equivalent to approximately HK\$16,555,401), being the remaining 20% of the Relevant Period Manager's Fee, shall be settled in the form of cash.

## Manager Fee Units

Having regard to, among other factors, the present extraordinary circumstances relating to the new coronavirus disease 2019 (“**COVID-19**”) and the associated volatility of Unit prices, the REIT Manager considers that it is in the best interests of the independent Unitholders to defer part of its Relevant Period Manager’s Fee to be settled in the form of Units. The Relevant Period Manager’s Fee to be settled in the form of Units will be settled in two tranches, specifically:

1. RMB48,127,443 (which is equivalent to approximately HK\$52,780,000) has been settled by the issuance of one tranche of new Units on 3 April 2020 (the “**Manager Fee Units Reference Date**”) at the prevailing Market Price (the “**Issued Manager Fee Units**”); and
2. RMB12,256,726 (which is equivalent to approximately HK\$13,441,603) will be deferred and settled after the Manager Fee Units Reference Date by issuing another tranche of new Units at the applicable Market Price at such later date which the REIT Manager considers is in the interests of the independent Unitholders provided the Trustee has no objection to such issuance (the “**Deferred Manager Fee Units**”).

Pursuant to the Trust Deed, the number of Issued Manager Fee Units is determined by dividing the relevant HK\$ equivalent amount (being HK\$52,780,000) by the higher of: (i) the average closing price of the Units on the Stock Exchange for the ten trading days immediately preceding the date on which the Manager Fee Units are issued; and (ii) the closing price of the Units on the Stock Exchange on the trading day immediately preceding the date on which the Manager Fee Units are issued (the “**Market Price**”). Based on the prevailing Market Price of HK\$3.77 (being the closing price of the Units on the Stock Exchange on the trading day immediately preceding the date on which the Manager Fee Units are issued), the REIT Manager received 14,000,000 new Issued Manager Fee Units on the Manager Fee Units Reference Date.

The Trust Deed has been revised (as per the Amendments below) to facilitate the deferral of part of the Relevant Period Manager’s Fee, as well as to provide the formula for determining the Market Price for deferred Manager Fee Units. Regarding the Relevant Period Manager’s Fee, the Market Price for the Deferred Manager Fee Units shall be equal to the higher of: (i) the Market Price on the Manager Fee Units Reference Date (being HK\$3.77 as stated above); and (ii) the Market Price on the date that the Deferred Manager Fee Units are issued, whereas the Market Price on the date that the Deferred Manager Fee Units are issued shall be equal to the higher of: (a) the closing price of the Units on the Stock Exchange on the trading day immediately preceding the date on which the Deferred Manager Fee Units are issued; and (b) the average closing price of the Units in the ten trading days immediately preceding the date on which the Deferred Manager Fee Units are issued. Based on the prevailing Market Price of HK\$3.77 on the Manager Fee Units Reference Date, which would pursuant to the aforementioned formula represent the minimum Market Price for the Deferred Manager Fee Units, the maximum number of Deferred Manager Fee Units that the REIT Manager is entitled to is 3,565,412 Units.

In total, the REIT Manager will be entitled to receive up to 17,565,412 new Units for the Relevant Period, which represents approximately 0.54% of the 3,223,421,963 Units in issue (as enlarged by the Issued Manager Fee Units and the maximum number of Deferred Manager Fee Units). Such maximum number of new Units is equal to the number of new Units that the REIT Manager would ordinarily have been entitled to receive in the absence of any deferral of Relevant Period Manager’s Fee. The issuance of the Manager Fee Units (including the Deferred Manager Fee Units) shall comply with the Trust Deed, the compliance manual of the REIT Manager (including the rules on dealings by the Directors, the REIT Manager and its senior executives, officers and employees as adopted by the REIT Manager on terms no less exacting than those of the Model Code for Securities Transactions by Director of Listed Issuers set out in the Listing Rules (as if applicable to REITs)) and all applicable laws and regulations.

The Board (including all the independent non-executive Directors) considers that the deferment of part of the Relevant Period Manager's Fee to be settled in the form of Units, and the consequential deferred issuance of the Deferred Manager Fee Units, are in the interests of the independent Unitholders.

Based on the information and confirmations provided by the Manager and the applicable provisions of the Supplemental Deed (as defined below), the Trustee has no objection to such deferment.

As the REIT Manager wishes to concentrate on its management functions, it has designated Yuexiu International Investment Limited ("YXII"), a wholly-owned subsidiary of Yuexiu Property Company Limited, to receive the Manager Fee Units (including both the Issued Manager Fee Units and the Deferred Manager Fee Units). Accordingly, the Issued Manager Fee Units were and the Deferred Manager Fee Units will be 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 50,674,909 Units immediately before its receipt of the Issued Manager Fee Units for the Relevant Period. Immediately after issuance of the Issued Manager Fee Units and as at the date of this announcement, YXII holds 64,674,909 Units (representing approximately 2.01% of the 3,219,856,551 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 number of Manager Fee Units that are issuable by the REIT (including both the Issued Manager Fee Units and the Deferred Manager Fee Units) for payment of the Manager's Fee for the Relevant Period (which is denominated in RMB) is the average central parity rate, as announced by the People's Bank of China, for the five business days preceding the date of this announcement.

### **Trust Deed Amendments in relation to Manager Fee Units**

To facilitate the issuance of the Deferred Manager Fee Units, and the pricing thereof, the REIT Manager and the Trustee entered into a supplemental deed (the "**Supplemental Deed**") to effect certain amendments to the Trust Deed (the "**Amendments**") on 3 April 2020. The full text of the Amendments are set out in the Appendix to this announcement.

The Trustee has certified in the Supplemental Deed, pursuant to Clause 36(a)(i) of the Trust Deed and paragraph 9.6(b) of the REIT Code, that in its opinion, such amendments, variations, modifications, alterations, or additions to the Trust Deed do not materially prejudice the interests of Unitholders, do not operate to release to any material extent the Trustee or the REIT Manager or any other person from any liability to the Unitholders and do not increase the costs and charges payable from the REIT. Accordingly, no specific approval from Unitholders is required for the Amendments.

A copy of the Supplemental Deed is available for inspection at no charge during normal business hours (9:00 a.m. to 5:30 p.m., Monday to Friday) at the office of the REIT Manager at 17B, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The REIT Manager will publish announcements whenever there is a deferral of issuance of Manager Fee Units and upon the issuance of Manager Fee Units.

## **Waiver of requirements for Unitholders' approval**

The payment of a portion of the Manager's Fee settled 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, the circular of the REIT dated 4 February 2008 and this announcement.

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 all or 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 2019**

29,803,741 Units, being the total number of Units issued (and, in respect of the Deferred Manager Fee Units, the maximum number of Units issuable) so far as payment of a portion of the Manager's Fee in respect of the financial year ended 31 December 2019, represents approximately 0.96% of the Units outstanding as at 31 December 2018 (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 this announcement, it is not aware of any other information discloseable under paragraphs 10.3 and 10.4 of the REIT Code. Further announcement(s) will be made by the REIT Manager in relation to the Relevant Period Manager's Fee as and when appropriate, including when the Deferred Manager Fee Units are issued.

This announcement is made pursuant to paragraph 10.4(k) 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, 3 April 2020

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

*Executive Directors:* Mr. LIN Deliang (Chairman) and Mr. CHENG Jiuzhou

*Non-executive Directors:* Mr. LI Feng and Mr. LIANG Danqing

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

## APPENDIX

The REIT Manager and the Trustee entered into a Supplemental Deed to make certain amendments to the Trust Deed of which the full text or extract of the relevant clauses are reproduced in this Appendix, with the insertions and deletions indicated by, respectively, the underlined text and the strikethrough text below. All capitalised terms under this Appendix are terms defined in the Trust Deed and have the corresponding meanings ascribed to them in the Trust Deed.

### 1. Issue Price

Clause 9.2 (*Issue Price*) shall be amended by inserting the text shown below in underline in the last paragraph, as follows:

“Notwithstanding sub-clauses (aa) and (bb) of this clause, for the purposes of clause 15.1(e) (iii), “**Market Price**” shall mean:

(A) subject to sub-clause (B) below, the price as determined by the Manager as being the higher of (i) the closing price of the Units on the SEHK on the Trading Day immediately preceding the date on which the relevant Units are issued to the Manager pursuant to clause 15.1(e); and (ii) the average closing price of the Units in the 10 Trading Days immediately preceding the date on which the relevant Units are issued to the Manager pursuant to clause 15.1(e); and

(B) where the Manager and the Trustee agree to issue any Units after the Manager Fee Units Reference Date in accordance with clause 15.1(e)(i) (“**Deferred Manager Fee Units**”), the Market Price for such Deferred Manager Fee Units shall mean the highest of: (i) the price determined in accordance with sub-clause (A) above; (ii) the closing price of the Units on the SEHK on the Trading Day immediately preceding the Manager Fee Units Reference Date; and (iii) the average closing price of the Units in the 10 Trading Days immediately preceding the Manager Fee Units Reference Date.”

### 2. Remuneration of the REIT Manager

Clause 15.1(e) (*Remuneration of the Manager*) shall be amended by making the changes shown below in underline or strikethrough in sub-paragraphs (i) and (iii), as follows:

“(i) Upon the publication of the semi-annual financial statements of the Trust and the audited financial statements of the Trust, the Manager shall, within 15 days thereof, compute the Manager’s Fee for the relevant period and submit an invoice with such computation of the Manager’s Fee to the Trustee. The Trustee shall pay or procure the payment of the Manager’s Fee to the Manager (in the form of cash and/or Units, as the case may be) on the day falling 14 days after its receipt of the invoice (or, if that day is not a Business Day, on the Business Day next following that day) (“**Manager Fee Units Reference Date**”) and/or any later date(s) that the Manager confirms is in the interests of independent Holders and provided the Trustee has no objection to such deferral.”

(ii) ...

(iii) When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Manager’s Fee at the prevailing applicable Market Price at the time of the issue of such Units as determined under clause 9.2. In the event payment is to be made in the form of Units and the relevant thresholds for the issuance of Units without Holders’ approval (including the threshold of 20% (or such other percentage as permitted by the REIT Code) of outstanding Units that the Manager may issue in each Financial Year without Holders’ approval pursuant to the REIT Code, and any other limit or threshold specified in any waiver from strict compliance with the REIT Code granted by the SFC) are exceeded and Holders’ approval is not obtained, then payment of that excess part of the Manager’s Fee will be paid in the form of cash.