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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

#### CONNECTED PARTY TRANSACTION ISSUANCE OF DEFERRED UNITS

The Board wishes to announce that, on 31 December 2021, the REIT issued 81,000,000 Units at a price of HK\$4.00 per Unit to Dragon Yield Holding Limited (a wholly-owned subsidiary of Yuexiu Property, and a substantial holder and connected person of the REIT (meaning ascribed to them under the REIT Code)), in partial satisfaction of the outstanding consideration from its investment in Guangzhou International Finance Center in 2012. Following the issue of the 2021 Deferred Units, the total number of Units increased from 3,336,224,428 to 3,417,224,428, and the aggregate unitholding of Yuexiu Property and its concert parties increased from approximately 40.80% to approximately 42.20%.

As a result of the Deferred Units Price Adjustment, with effect upon completion of the Right Issue (currently expected to take place on or about 26 January 2022), the Deferred Units Issue Price will be reduced from HK\$4.00 per Unit to HK\$3.861652 per Unit. Following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as further described below), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the Assignment consideration will be fully settled by 31 December 2025 by the issue of 329,808,584 Deferred Units in aggregate at HK\$3.861652 per Unit. For illustrative purposes only, following the issuance of all Further Deferred Units and the completion of the Rights Issue and assuming no additional Units are issued after completion of the 2021 Acquisition, the aggregate unitholding of Yuexiu Property and its concert parties would be approximately 45.7% (assuming all Rights Issue Units are fully subscribed by the Unitholders qualified to participate in the Rights Issue) or approximately 60.3% (assuming only Yuexiu Property and Yue Xiu but no other Unitholders subscribe for the Rights Issue Units provisionally allotted to them, and the unsubscribed Rights Issue Units are all taken up by Yue Xiu as underwriter of the Rights Issue).

Unitholders should note that the unitholding of Yuexiu Property and its concert parties following the completion of the Rights Issue and/or the issuance of all Further Deferred Units may be different from the percentages set out in this announcement. Further announcement(s) on the same will be made by the Manager as and when appropriate.

This announcement is made pursuant to paragraphs 10.3, 10.4(k) and 10.5A of the REIT Code.

Reference is made to: (i) the circular of Yuexiu Real Estate Investment Trust (the “**REIT**”) dated 30 June 2012 in relation to the REIT’s investment in Guangzhou International Finance Center (the “**2012 Circular**”); and (ii) the announcement of the REIT dated 8 October 2012 in relation to the completion of such investment (the “**2012 Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the 2012 Circular and 2012 Announcement.

Further reference is made to the announcement of the REIT dated 24 October 2021 (the “**2021 Announcement**”) and the circular of the REIT dated 13 November 2021 (the “**2021 Circular**”) in relation to, among other things, the REIT’s acquisition of Yuexiu Financial Tower (the “**2021 Acquisition**”), the proposed rights issue by the REIT on the basis of 37 rights issue Units for every 100 existing Units (the “**Rights Issue**”) and the proposed modification of the mechanism for the issuance of Deferred Units under the Indebtedness Agreement (the “**Deferred Units Arrangement Modification**”).

## **ISSUANCE OF 2021 DEFERRED UNITS**

As stated in the 2012 Announcement, the balance of the Assignment consideration, being HK\$2,933,121,976, will be satisfied by the REIT issuing Deferred Units to Dragon Yield Holding Limited. Dragon Yield Holding Limited is a wholly-owned subsidiary of Yuexiu Property previously designated by Yuexiu Property to receive the Deferred Units, and is a substantial holder and connected person of the REIT (meaning ascribed to them under the REIT Code). The Deferred Units will be issued on 31 December of each year, starting on 31 December 2016, at a price of HK\$4.00 per Unit (subject to adjustments for the Deferred Units Adjustment Events, being consolidation, sub-division or reclassification of the Units and rights issues of Units or other securities (including open offers and options) at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the announcement of the terms of such issue) pursuant to the Indebtedness Agreement. The number of Deferred Units to be issued on 31 December each year to settle the balance of the Assignment consideration is determined by reference to the maximum number of Deferred Units that may be issued which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the date of issuance, will not trigger an obligation on the part of Yuexiu Property (and the parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all Units not already owned or agreed to be acquired by them at the relevant time. The issuance of Deferred Units in the manner set out the Indebtedness Agreement was approved by independent Unitholders pursuant to the ordinary resolution passed at the EGM on 23 July 2012.

The Board wishes to announce that, on 31 December 2021, the REIT issued 81,000,000 Units to Dragon Yield Holding Limited (the “**2021 Deferred Units**”) at a price of HK\$4.00 per Unit in partial satisfaction of the Assignment consideration. Following the issuance of the 2021 Deferred Units, (i) the balance of the Assignment consideration was reduced to HK\$1,273,605,976; (ii) the total number of Units increased from 3,336,224,428 to 3,417,224,428; and (iii) the aggregate unitholding of Yuexiu Property and its concert parties increased from approximately 40.80% to approximately 42.20%.

## DEFERRED UNITS ISSUE PRICE ADJUSTMENT

As stated in the 2021 Circular, in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the 2021 Announcement (being HK\$3.67), the Deferred Units Issue Price shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per Unit) by the fraction as set out under the Indebtedness Agreement and further described in the 2021 Circular (the “**Deferred Units Issue Price Adjustment**”). The Deferred Units Issue Price Adjustment shall take effect upon the completion of the Rights Issue, which is currently expected to take place on or about 26 January 2022.

Accordingly, following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as further described below), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the Assignment consideration will be fully settled by 31 December 2025 by the issue of 329,808,584 Deferred Units (the “**Further Deferred Units**”) in aggregate at HK\$3.861652 per Unit.

For illustrative purposes only, following the issuance of all Further Deferred Units and the completion of the Rights Issue and assuming no additional Units are issued after completion of the 2021 Acquisition, the aggregate unitholding of Yuexiu Property and its concert parties would be approximately 45.7% (assuming all Rights Issue Units are fully subscribed by the Unitholders qualified to participate in the Rights Issue) or approximately 60.3% (assuming only Yuexiu Property and Yue Xiu but no other Unitholders subscribe for the Rights Issue Units provisionally allotted to them, and the unsubscribed Rights Issue Units are all taken up by Yue Xiu as underwriter of the Rights Issue).

## DEFERRED UNITS ARRANGEMENT MODIFICATION

As also stated in the 2021 Circular, to avoid any acceleration of issuance of Deferred Units solely as a result of the 2021 Acquisition and the Rights Issue, Yuexiu Property, the Trustee and the REIT Manager entered into the Second Supplemental Indebtedness Agreement in respect of the Deferred Units Arrangement Modification, which is subject to completion of the Rights Issue and the approvals of the independent Unitholders and the independent shareholders of Yuexiu Property. Such approvals were obtained respectively at the extraordinary general meeting of the REIT and the general meeting of Yuexiu Property both held on 6 December 2021.

Accordingly, the number of Deferred Units to be issued each year following the completion of the Rights Issue shall be determined by reference to the lower of: (a) the maximum number of Deferred Units that may be issued to Yuexiu Property (or YXP Nominee) which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Deferred Units Issue Date, will not trigger an obligation on the part of Yuexiu Property (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all Units not already owned or agreed to be acquired by them at the relevant time; and (b) 83,000,000 Units (subject to adjustment for consolidation and sub-division of Units).

Unitholders should note that the unitholding of Yuexiu Property and its concert parties following the completion of the Rights Issue and/or the issuance of all Further Deferred Units may be different from the percentages set out in this announcement. Further announcement(s) on the same will be made by the Manager as and when appropriate.

