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GZI 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: 405)

**Managed by
GZI REIT Asset Management Limited**

EXERCISE OF OVER-ALLOCATION OPTION

The Board of GZI REIT Asset Management Limited announces that the Over-allocation Option granted by Dragon Yield, a wholly-owned subsidiary of Guangzhou Investment Company Limited, referred to in the Offering Circular was exercised in full by Citigroup Global Markets Asia Limited (“Stabilising Manager”) (in consultation with the other Joint Global Coordinators) on 4th January 2006, pursuant to the International Underwriting Agreement, in respect of 87,450,000 Units which were the subject of the Over-allocation Option.

The Board of GZI REIT Asset Management Limited, being the manager of GZI REIT, announces that the Over-allocation Option granted by Dragon Yield referred to in the Offering Circular was exercised in full by the Stabilising Manager (in consultation with the other Joint Global Coordinators) on 4th January 2006, pursuant to the International Underwriting Agreement, in respect of 87,450,000 Units which were the subject of the Over-allocation Option (the “**Over-allocation Units**”). These Over-allocation Units constitute approximately 15% of the total number of Units initially available under the Global Offering. The Over-allocation Units referable to the exercise of the Over-allocation Option will be used to cover over-allocations in the International Offering.

Pursuant to the notice of exercise of the Over-allocation Option issued by the Stabilising Manager, the Over-allocation Units will be purchased on 6th January 2006 from Dragon Yield at HK\$3.075 per Unit, which was the Offer Price per Unit under the International Offering and the Hong Kong Public Offering (excluding brokerage of 1%, Hong Kong Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and investor compensation levy of 0.002% (where applicable)). Listing of, and permission to deal in, the Over-allocation Units have already been granted by the Hong Kong Stock Exchange and dealings in such Units have already commenced on the Hong Kong Stock Exchange since 21st December 2005.

As a result of the Over-allocation Option having been exercised in full, Dragon Yield will be entitled to the gross proceeds of HK\$268,908,750 from the sale of the Over-allocation Units. Consequently Dragon Yield holds 313,280,495 Units in GZI REIT.

The Over-allocation Units were originally issued to Dragon Yield in part consideration for the acquisition by GZI REIT (Holding) 2005 Company Limited of the BVI Companies.

Immediately after completion of the purchase of the Over-allocation Units by the Stabilising Manager, approximately 67.9% of the Units will be held by Unitholders other than Dragon Yield and Yue Xiu Enterprises (Holdings) Limited (“Yue Yiu”), of which, as far as the Manager is aware, more than 25% will be held in public hands.

The table below details the number and percentage of Units to be held by each of Dragon Yield, Yue Xiu and other Unitholders immediately before and after the exercise of the Over-allocation Option in full:

Unitholder(s)	Immediately before exercise of the Over-allocation Option		Immediately after exercise of the Over-allocation Option and completion of the purchase of the Over- allocation Units	
	<i>% of total Units in</i>		<i>% of total Units in</i>	
	<i>No. of Units</i>	<i>issue (approximately)</i>	<i>No. of Units</i>	<i>issue (approximately)</i>
Dragon Yield (GZI)	400,730,495	40.1%	313,280,495	31.3%
Yue Xiu	8,073,585	0.8%	8,073,585	0.8%
Other Unitholders	<u>591,195,920</u>	<u>59.1%</u>	<u>678,645,920</u>	<u>67.9%</u>
	<u>1,000,000,000</u>	<u>100.0%</u>	<u>1,000,000,000</u>	<u>100.0%</u>

By order of the Board
GZI REIT Asset Management Limited
as manager of GZI Real Estate Investment Trust
Mr. Liang Ning Guang
Chairman of the Manager

Hong Kong, 4th January 2006

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

The Executive Directors of the Manager are Mr. Liang Ning Guang (Chairman) and Mr. Liu Yong Jie. The Non-executive Director is Mr. Liang You Pan. The Independent Non-executive Directors are Mr. Chan Chi On Derek, Mr. Lee Kwan Hung Eddie and Mr. Chan Chi Fai Brian.