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*Unless defined herein, terms in this announcement shall have the same meaning as those defined in the offering circular of GZI Real Estate Investment Trust (“GZI REIT”) dated 12th December, 2005 (the “Offering Circular”)*



## **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**

### **Announcement of Determined Combined Net Assets Adjustment and Final Consideration for the acquisition of the BVI company Shares under the Reorganisation Deed**

The Board of GZI REIT Asset Management Limited, being the manager of GZI REIT, announces that the final adjustment to the Initial Consideration has now been determined and that the final consideration payable by GZI REIT for the acquisition of the BVI Company Shares (the “Final Consideration”) amounts to HK\$4,098,258,537.00, in aggregate, representing an increase of approximately HK\$84,078,537.00 as compared to the Initial Consideration of approximately HK\$4,014,180,000.00.

On 7 December 2005, Holdco, the Manager and the Trustee entered into the Reorganisation Deed with GCCD BVI (as vendor) and GZI (as guarantor of GCCD BVI’s obligations under the Reorganisation Deed), pursuant to which Holdco acquired 100.0% of the issued share capital of each of the BVI Companies. The Initial Consideration payable by Holdco under the Reorganisation Deed for the BVI Company Shares was HK\$4,014,180,000.00 (subject to adjustment as described in the subsection headed “Adjustments” below). Immediately following the Listing of the Units, the Manager determined that the Initial Adjustment payable by Holdco under the Reorganisation Deed amounted to HK\$60,137,537.00.

The Board of GZI REIT Asset Management Limited, the manager of GZI REIT, wishes to announce that the final adjustment to the Initial Consideration has now been determined and that the Final Consideration payable by GZI REIT for the acquisition of the BVI Company Shares amounts to HK\$4,098,258,537.00, in aggregate, representing an increase of approximately HK\$84,078,537.00 as compared to the Initial Consideration of approximately HK\$4,014,180,000.00.

## **Reorganisation Deed**

On 7 December 2005, Holdco, the Manager and the Trustee entered into the Reorganisation Deed with GCCD BVI (as vendor) and GZI (as guarantor of GCCD BVI's obligations under the Reorganisation Deed) pursuant to which Holdco acquired 100.0% of the issued share capital of each of the BVI Companies.

### ***Initial Consideration***

The Initial Consideration payable by Holdco under the Reorganisation Deed for the BVI Company Shares was HK\$4,014,180,000.00 (subject to the adjustments described in the subsection headed "Adjustments" below). The Initial Consideration was calculated based on the combined NAV of the BVI Companies as at 31 October 2005 of HK\$2,972,767,000.00 plus amounts due to fellow subsidiaries thereof as at 31 October 2005 of HK\$994,267,000.00 as well as the amount of HK\$47,146,000.00.00 injected by GZI into the BVI Companies before the closing of the Global Offering.

Completion of the transfer of the BVI Company Shares to Holdco took place on 7 December 2005.

The Initial Consideration was satisfied in the following manner:

- as to HK\$1,137,234,060.00, by the issue of 417,000,000 Units in GZI REIT to Dragon Yield, a wholly-owned subsidiary of GZI, the party nominated by GCCD BVI to receive the Units, at an issue price of HK\$2.72718 per Unit; and
- as to HK\$2,876,945,940.00, by the execution and delivery of the Promissory Note by Holdco to GZI.

### ***Adjustments***

#### ***Initial adjustment***

The Initial Consideration is subject to an initial adjustment calculated and adjusted in the manner described below.

The initial adjustment amount will be calculated as  $A - B$ :

where "A" is the sum of:

1. the IPO Proceeds (being the gross proceeds from the issue of Units under the Global Offering, which, for the avoidance of doubt, excludes proceeds from the Units comprised in the Over-allocation Option and the proceeds from the Sale Units);
2. HK\$1,137,234,060.00 (being the portion of the Initial Consideration satisfied by the issue of Units to GCCD BVI or its nominee); and
3. the Loan Proceeds (less any costs relating to the Facility Agreement agreed between GCCD BVI and Holdco),

and “B” is the sum of:

1. the Initial Consideration;
2. the IPO Transaction Costs;
3. the aggregate amount to be collected by White Horse Property Management Company from the tenants of the White Horse Units under their tenancy agreements attributable to Partat in respect of the period from the Listing Date (i.e., 21 December 2005) to 31 December 2005 (both dates inclusive) of HK\$189,600.00 per day; and
4. HK\$26,700,000.00, being an amount retained by Holdco for proposed renovation works at the White Horse Units.

The amount determined in accordance with the formula above, amounting to HK\$60,137,537.00 in aggregate, was paid by Holdco to GCCD BVI or its nominee on or about the Listing Date (i.e., 21 December 2005).

The main purpose of the initial adjustment amount was to ensure that the Initial Consideration reflected the value of the Properties implied by the Offer Price attributable to GCCD BVI.

#### ***Combined Net Assets Adjustment***

The Initial Consideration is subject to a further adjustment based on the increase or reduction in the combined net asset value of the BVI Companies in the interval from the date of the Reorganisation Deed (i.e., 7 December 2005) until the day immediately preceding the Listing Date (i.e., 20 December 2005), excluding (i) any fluctuations in the value of the Properties; (ii) any costs incurred in connection with the Global Offering and the Facility Agreement; and (iii) any other matter already taken into consideration in calculating the initial adjustment referred to above, and adopting the same accounting policies, principles, standards and practices.

Such change in the combined net assets of the BVI Companies was determined based on the unaudited combined management accounts of the BVI Companies as at 7 December 2005 (being the date of the Reorganisation Deed) and the audited combined accounts of the BVI Companies as at the day immediately preceding the Listing Date (i.e., 20 December 2005).

If there is an increase in the combined net assets of the BVI Companies, the amount of the increase shall be paid by Holdco to GCCD BVI or its nominee within four months after the Listing Date. If there is a decrease in the combined net assets of the BVI Companies, the amount of the decrease shall be paid by GCCD BVI to Holdco within four months after the Listing Date.

The audited combined net asset value of the BVI Companies as at the day immediately preceding the Listing Date (i.e., 20 December 2005) of approximately HK\$4,039,775,000.00, in aggregate, represents an increase of approximately HK\$23,941,000.00 as compared to the combined net assets of the BVI Companies as at the date of the Reorganisation Deed (i.e.,

7 December 2005) excluding (i) any fluctuations in the value of the Properties; (ii) any costs incurred in connection with the Global Offering and the Facility Agreement; and (iii) any other matter already taken into consideration in calculating the initial adjustment referred to above, and adopting the same accounting policies, principles, standards and practices.

***Final consideration***

Based on the foregoing, the Manager has determined that the Initial Consideration is subject to a further adjustment of HK\$23,941,000.00, representing an increase of approximately HK\$84,078,537.00 in aggregate as compared with the Initial Consideration. Accordingly, the final consideration payable by GZI REIT for the acquisition of the BVI Company Shares amounts to HK\$4,098,258,537.00 in aggregate. The remaining balance of this Final Consideration amounting to approximately HK\$23,941,000.00 will be settled by GZI REIT on or about 21 April 2006.

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, 18 April 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.