

The Securities and Futures Commission of Hong Kong, The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(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



ANNOUNCEMENT

INSIDE INFORMATION

NEW RMB FACILITY AND REFINANCING OF EXISTING HKD FACILITIES

On 25 June 2023, Yuexiu REIT 2012 Company Limited, a subsidiary of Yuexiu REIT, entered into a facility agreement with China Merchants Bank Co., Ltd.* with respect to a loan facility in an amount up to RMB4,000 million bearing a fixed interest rate of 3.2% per annum. The New RMB Facility is secured by a second mortgage over part of Guangzhou International Finance Center and will mature and become payable three years from the date of first drawdown. The New RMB Facility will be entirely used for refinancing two Existing HKD Facilities that are maturing in August and December 2023 respectively.

This announcement is made by the board of directors (the “**Board**”) of Yuexiu REIT Asset Management Limited (the “**Manager**”) (in its capacity as manager of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”)) pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts (the “**REIT Code**”), Rules 13.09(2)(a) and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong).

New RMB Facility

On 25 June 2023, Yuexiu REIT, through its wholly-owned subsidiary, Yuexiu REIT 2012 Company Limited (the “**Borrower**”), entered into a facility agreement (the “**New Facility Agreement**”) with China Merchants Bank Co., Ltd.* (the “**Lender**”). The New Facility Agreement provides a loan facility in an amount up to RMB4,000 million bearing a fixed interest rate of 3.2% per annum secured by a second mortgage over part of Guangzhou International Finance Center given in favour of the Lender by Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd.*, which is a subsidiary of Yuexiu REIT and the registered owner of Guangzhou International Finance Center (the “**New RMB Facility**”). The New RMB Facility will mature and become payable three years from the date of the first drawdown.

The Lender is an independent third party and not a connected person (as defined in the REIT Code) of Yuexiu REIT. Therefore, the New RMB Facility and the entering into of the New Facility Agreement by the Borrower do not constitute a connected party transaction for Yuexiu REIT.

Use of proceeds

It is expected that: (i) RMB1,500 million of the New RMB Facility will be drawn on or before 27 June 2023 to prepay part of the HK\$2,800 million syndicated unsecured term loan facility bearing interest at a margin of 1.38% per annum over 1-month HIBOR and maturing on 20 August 2023 (the “**Existing HKD Facility 1**”); (ii) RMB1,500 million of the New RMB Facility will be drawn on or before 11 July 2023 to prepay the remaining part of the Existing HKD Facility 1 and part of the HK\$2,000 million syndicated unsecured term loan facility bearing interest at a margin of 1.35% per annum over 1-month HIBOR and maturing on 21 December 2023 (the “**Existing HKD Facility 2**”, together with Existing HKD Facility 1, the “**Existing HKD Facilities**”); and (iii) the remaining RMB1,000 million of the New RMB Facility will be drawn on or before 25 July 2023 to prepay part of the Existing HKD Facility 2.

The outstanding balance under Existing HKD Facility 2 will be repaid by way of drawing down on other loan facilities to be entered into (which may or may not be denominated in RMB) and/or using the internal resources of Yuexiu REIT.

Impact on gearing ratio

None of the drawdowns for repayment as described above will result in the gearing ratio of Yuexiu REIT exceeding the 50% threshold prescribed under paragraph 7.9 of the REIT Code at any time. For illustration purposes, taking into account the change in the exchange rate of HKD against RMB[^], immediately after the full repayment of Existing HKD Facility 1 and the partial repayment of Existing HKD Facility 2 using amounts drawn down under the New RMB Facility, the gearing ratio of Yuexiu REIT is expected to increase from approximately 45.4% (as disclosed in the latest audited financial statements of Yuexiu REIT as at 31 December 2022 (the “**Latest Financials**”)) to approximately 46.4%.

Board’s view

In view of the current rising interest rate environment and exchange rate fluctuations between HKD and RMB, the Board believes that drawing down on a fixed interest rate RMB facility to prepay HKD loan facilities with variable interest rates will achieve significant savings on interest expense and serve as an effective hedge against currency risks for Yuexiu REIT. Having regard to the above and the New RMB Facility being secured against part of the assets of Yuexiu REIT that has already been mortgaged under another onshore RMB loan facility of Yuexiu REIT, the Board believes that the New RMB Facility will have a positive impact on the overall financial position of Yuexiu REIT with respect to the Latest Financials, and as such, is in the best interests of Yuexiu REIT and its unitholders as a whole.

The Board considers the New RMB Facility and the transactions under the New Facility Agreement to be conducted at arm’s length and on terms that are commensurate with those of transactions of similar size and nature. The Board is satisfied that the New RMB Facility and the transactions under the New Facility Agreement are: (a) consistent with Yuexiu REIT’s investment policy; (b) in compliance with the REIT Code and the trust deed constituting Yuexiu REIT dated 7 December 2005 (as amended, supplemented and restated from time to time) (the “**Trust Deed**”); and (c) not subject to approval by the unitholders of Yuexiu REIT.

Trustee's consent

Based and in sole reliance on the information and confirmations provided by the Manager, HSBC Institutional Trust Services (Asia) Limited (in its capacity as the trustee of Yuexiu REIT) has provided its prior written consent for the New Facility Agreement in accordance with paragraph 7.3 of the REIT Code and clauses 19.3(a)(iv) and 20.10 of the Trust Deed.

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, 25 June 2023

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

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*

** for identification purpose only*

*^ based on the exchange rates of HKD1.00 = RMB0.89327 (as at 31 December 2022) and
HKD1.00 = RMB0.91751 (as at the date of this announcement)*