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**(Stock code: 00405)**

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## **ANNOUNCEMENT**

### **PAYMENT OF MANAGER'S FEE TO YUEXIU REIT ASSET MANAGEMENT LIMITED ENTIRELY BY WAY OF UNITS**

The Relevant Period Manager's Fee for the period from 1 July 2023 to 31 December 2023 is RMB86,840,295 (which is equivalent to approximately HK\$95,716,044). As stated in Yuexiu REIT's announcement dated 13 January 2023, the REIT Manager elected to receive the Manager's Fee for the financial year ended 31 December 2023 entirely in the form of Units. However, if, in accordance with the Election, the entire amount of the Relevant Period Manager's Fee were settled in the form of Units, the resultant number of Units to be issued, in aggregate with the number of Units issued on 31 August 2023 to settle the Manager's Fee payable for the period from 1 January 2023 to 30 June 2023, would exceed 3% of the total number of Units outstanding as at 31 December 2022 plus the number of Units (if any) issued in the financial year ended 31 December 2023 for the purposes of financing any acquisition of real estate by Yuexiu REIT, and would hence require Unitholders' approval. Pursuant to the Trust Deed, if Unitholders' approval is not obtained, payment of that part of the Manager's Fee that would otherwise cause the 3% Threshold to be exceeded if paid in the form of Units would be paid in the form of cash.

Notwithstanding the above, the REIT Manager has agreed to waive the payment of such excess part of the Relevant Period Manager's Fee that otherwise would have been paid in cash, being RMB7,353,941 (which is equivalent to approximately HK\$8,105,571).

In respect of the Remaining Relevant Period Manager's Fee (being RMB79,486,354 (which is equivalent to approximately HK\$87,610,473)), this will be settled in two tranches, specifically: (1) RMB76,210,680 (which is equivalent to approximately HK\$84,000,000) has been settled by the issuance of one tranche of new Units on the Manager Fee Units Reference Date (being 22 March 2024) at the then prevailing Market Price as determined pursuant to the Trust Deed; and (2) RMB3,275,674 (which is equivalent to approximately HK\$3,610,473) 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 may receive up to 83,438,546 new Units for the Relevant Period, representing approximately 1.67% of the 4,999,176,717 Units in issue (as enlarged by the Issued Manager Fee Units and the maximum number of Deferred Manager Fee Units).

Given the deferment as described above would not result in more Manager Fee Units being issued and would defer the dilutive impact resulting from the issuance of such Units for the independent Unitholders, the Board (including all the independent non-executive Directors) considers that the deferment is in the interests of the independent Unitholders.

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

As the REIT Manager wishes to concentrate on its management functions, it has designated YXII 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 330,199,322 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 410,199,322 Units (representing approximately 8.21% of the 4,995,738,171 Units in issue immediately after such issue). As at the date of this announcement, the REIT Manager does not have any interest in any Units.

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

Reference is made to the announcement of Yuexiu Real Estate Investment Trust (the “**REIT**”) dated 13 January 2023 in relation to election of payment method of Manager’s Fee entirely by way of Units (the “**Election Announcement**”). Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Election Announcement.

## **CALCULATION OF MANAGER’S FEE**

The Manager’s Fee for the period from 1 July 2023 to 31 December 2023 (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 RMB86,840,295 (which is equivalent to approximately HK\$95,716,044) (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 RMB1,475,262,000 for the financial year ended 31 December 2023), subject to certain adjustments, payable semi-annually in arrears (the “**Service Fee**”).

As stated in the Election Announcement, the REIT Manager had notified the Trustee in writing of its election (the “**Election**”) in respect of the Manager’s Fee for the year ended 31 December 2023 to be paid to the REIT Manager entirely in the form of Units (the “**Manager Fee Units**”).

## **SETTLEMENT OF RELEVANT PERIOD MANAGER’S FEE**

Pursuant to paragraph 12.6 of the REIT Code, 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 without Unitholders’ approval shall, in the aggregate, be limited to such number of Units which represents 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 purposes of financing any acquisition of real estate by Yuexiu REIT (the “**3% Threshold**”).

If, in accordance with the Election, the entire amount of the Relevant Period Manager's Fee were settled in the form of Units, the resultant number of Units to be issued, in aggregate with the number of Units issued on 31 August 2023 to settle the Manager's Fee payable for the period from 1 January 2023 to 30 June 2023, would cause the 3% Threshold to be exceeded in respect of the financial year ended 31 December 2023, and would hence require Unitholders' approval. Pursuant to Clause 15.1(e)(iii) of the Trust Deed, if Unitholders' approval is not obtained, payment of that part of the Manager's Fee that would otherwise cause the 3% Threshold to be exceeded if paid in the form of Units would be paid in the form of cash.

Notwithstanding the above, the REIT Manager has agreed to waive the payment of such excess part of the Relevant Period Manager's Fee that otherwise would have been paid in cash, being RMB7,353,941 (which is equivalent to approximately HK\$8,105,571).

In respect of the remaining part of the Relevant Period Manager's Fee (being RMB79,486,354 (which is equivalent to approximately HK\$87,610,473)) (the "**Remaining Relevant Period Manager's Fee**"), this will be settled in the form of Units in two tranches, specifically:

- (1) RMB76,210,680 (which is equivalent to approximately HK\$84,000,000) has been settled by the issuance of one tranche of new Units on 22 March 2024 (the "**Manager Fee Units Reference Date**") at the then prevailing Market Price as determined pursuant to the Trust Deed (the "**Issued Manager Fee Units**"); and
- (2) RMB3,275,674 (which is equivalent to approximately HK\$3,610,473) 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 was determined by dividing the relevant HK\$ equivalent amount (being HK\$84,000,000) 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 such Units were issued; and (ii) the closing price of the Units on the Stock Exchange on the trading day immediately preceding the date on which such Units were issued (the "**Market Price**"). Based on the prevailing Market Price of HK\$1.05 (being the closing price of the Units on the Stock Exchange on the trading day immediately preceding the date on which the Issued Manager Fee Units were issued), 80,000,000 new Units (being the Issued Manager Fee Units) were issued to the REIT Manager on the Manager Fee Units Reference Date.

In respect of the Deferred Manager Fee Units, the Market Price at which such Units will be issued shall be equal to the higher of: (i) the Market Price on the Manager Fee Units Reference Date (being HK\$1.05 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\$1.05 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 may receive is 3,438,546 Units.

In total, the REIT Manager may receive up to 83,438,546 new Units for the Relevant Period, representing approximately 1.67% of the 4,999,176,717 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 part of the Remaining 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.

Given the deferment as described above would not result in more Manager Fee Units being issued and would defer the dilutive impact resulting from the issuance of such Units for the independent Unitholders, the Board (including all the independent non-executive Directors) considers that the deferment is in the interests of the independent Unitholders.

Based on the information and confirmations provided by the REIT Manager and the applicable provisions of the Trust Deed, 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, 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 330,199,322 Units immediately before its receipt of the Issued Manager Fee Units. Immediately after issuance of the Issued Manager Fee Units and as at the date of this announcement, YXII holds 410,199,322 Units (representing approximately 8.21% of the 4,995,738,171 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 Units that are issuable by the REIT (including both the Issued Manager Fee Units and the Deferred Manager Fee Units) for payment of the Remaining Relevant Period Manager’s Fee (which is denominated in RMB) is the average closing exchange rate, as announced by the People’s Bank of China, for the five business days preceding the Manager Fee Units Reference Date.

## **REGULATORY IMPLICATIONS**

The payment of the Remaining Relevant Period Manager’s Fee entirely 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 paragraphs 12.2 and 12.6 of the REIT Code.

143,513,410 Units, being the total number of Units issued (including, in respect of the Deferred Manager Fee Units, the maximum number of Units issuable) as payment of the Manager’s Fee in respect of the financial year ended 31 December 2023, represent 3% of the total number of Units outstanding as at 31 December 2022 (being the last day of the immediately preceding financial year). Such total number of Units, in aggregate with the number of new Units issued on a non-pro rata basis during the financial year ended 31 December 2023 (if any), does not increase the total number of Units outstanding as at 31 December 2022 (being the last day of the immediately preceding financial year) by more than 20%. Such total number of Units also does not exceed the 3% Threshold stipulated under paragraph 12.6 of the REIT Code. No Unit was issued for the purpose of financing any acquisition of real estate by Yuexiu REIT in the financial year ended 31 December 2023.

## 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.

This announcement is made pursuant to paragraphs 10.3 and 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, 24 March 2024

*As at the date of this announcement, the Board of the REIT 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 Xiaou*