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(Stock code: 405)

Managed by



ANNOUNCEMENT REFINANCING OF EXISTING BANK BORROWINGS AND ACQUISITION FINANCING

The board of directors of GZI REIT Asset Management Limited, the manager ("Manager") of GZI Real Estate Investment Trust ("GZI REIT"), announces that GZI REIT has, on 26 September 2011, through its special purpose vehicles, entered into a facility agreement with certain lending banks in connection with a three-year floating rate secured term loan facility of HK\$2,502 million. The funds of the new loan facility are intended to be used for refinancing the existing secured bank borrowings of GZI REIT in the amount of HK\$2,100 million, financing the fees and expenses incurred and to be incurred by the borrowers of the new loan facility in connection with the new loan facility and/or their general working capital requirements, and financing the acquisition (if any) by GZI REIT or its subsidiaries of all or any part of any real property in the People's Republic of China.

References are made to the announcement of GZI REIT dated 6 November 2008 in relation to its refinancing of bank borrowings and termination of hedging arrangements ("Announcement") and the offering circular of GZI REIT dated 12 December 2005 ("Offering Circular").

Background

On 6 November 2008 GZI REIT, through its special purpose vehicles, namely Partat Investment Limited, Moon King Limited, Full Estates Investment Limited, Keen Ocean Limited and Metrogold Development Limited (collectively, "Term Loan Borrowers") (as borrowers) and GZI REIT (Holding) 2005 Company Limited ("Holdco") (as guarantor) entered into a facility agreement with certain lending banks (including, among others, The Hongkong and Shanghai Banking Corporation Limited ("HSBC")) (as lenders) for a three-year floating rate at HIBOR + 1.75% secured term loan facility of HK\$2,100 million ("Term Loan"). The Term Loan was fully drawn down on 12 November 2008 for the purposes referred to in the Announcement.

Refinancing of Term Loan and Acquisition Financing

As the Term Loan will become due in November 2011, the Manager has negotiated with certain lending banks (including, among others, HSBC) (collectively, "New Loan Lenders") for a new loan facility ("New Loan"), the funds of which are intended to be used by the Term Loan Borrowers primarily for refinancing the Term Loan, financing the fees and expenses incurred and to be incurred by the Term Loan Borrowers in connection with the New Loan and/or their general working capital requirements, and financing the acquisition (if any) by GZI REIT or its subsidiaries of all or any part of any real property in the People's Republic of China ("Acquisition Financing"). A brief summary of the agreed terms of the New Loan is set out below.

The Term Loan Borrowers (as borrowers) and Holdco (as guarantor) entered into a facility agreement dated 26 September 2011 with the New Loan Lenders in connection with a three-year floating rate at HIBOR + 1.9% secured term loan facility of HK\$2,502 million ("New Loan Agreement"). The final maturity date of the New Loan is 36 months after the first drawdown date. It is intended that the Term Loan Borrowers will draw down on the New Loan in full in October 2011.

The gearing ratio of GZI REIT as at 30 June 2011 was approximately 25.8%. As at 26 September 2011, after taking into account the New Loan, the gearing ratio of GZI REIT is approximately 29.4%. Except for the increase in the level of cash after drawing down on the New Loan and refinancing the Term Loan, and the change in gearing ratio, there is no other financial impact on GZI REIT.

The New Loan is guaranteed on a joint and several basis by HSBC Institutional Trust Services (Asia) Limited, the trustee of GZI REIT ("**Trustee**"), and Holdco. The Trustee's guarantee is subject to the proviso that its obligations as a guarantor will be limited to the aggregate amount of the assets held by it for GZI REIT.

To secure, pari passu and pro rata, the Term Loan Borrowers' obligations under the New Loan Agreement, a security package has been granted in favour of a security trustee to hold the same on behalf of each of the New Loan Lenders.

As at the date of this announcement, GZI REIT does not have any hedging or interest rate swap or other similar arrangement in place. Furthermore, GZI REIT currently has no intention to engage in any such arrangement.

As part of the strategy of GZI REIT, the Manager will continue to consider acquisition opportunities as and when they arise. In order to give GZI REIT greater flexibility in negotiating the terms of such acquisitions, one of the permitted use of the New Loan is Acquisition Financing. If and when an acquisition is made, an announcement will be made in accordance with the requirements of the Code on Real Estate Investment Trusts ("**REIT Code**"). The Board considers that there is currently no matter that would require disclosure pursuant to 10.3 or 10.4 of the REIT Code.

Connected Party Transaction Waivers

HSBC is a connected person of GZI REIT solely as a result of its being an associate of the Trustee. As a result, the Term Loan Borrowers' entry into the New Loan Agreement with HSBC (together with the other New Loan Lenders) is a connected party transaction of GZI REIT under Chapter 8 of the REIT Code.

As disclosed in the Offering Circular, the Manager had obtained a waiver from the SFC from strict compliance with the requirements for announcement and approval from the unitholders of GZI REIT ("Unitholders") under Chapter 8 of the REIT Code in respect of (among other things): (a) the provision of "ordinary banking and financial services" by the HSBC Group (i.e., HSBC and its subsidiaries and, unless otherwise expressly stated in this announcement, excludes the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee but excluding those subsidiaries formed in its capacity as the trustee of GZI REIT)) to GZI REIT and the companies directly or indirectly owned and controlled by GZI REIT (collectively, "GZI REIT Group") and (b) certain "corporate finance transactions" between the HSBC Group and the GZI REIT Group, subject to certain conditions. The New Loan extended by HSBC (together with the other New Loan Lenders) to the Term Loan Borrowers for the purposes of refinancing the Term Loan falls within the definition of "ordinary banking and financial services" while the provision of the New Loan by HSBC (together with the other New Loan Lenders) to the Term Loan Borrowers for the purposes of the Acquisition Financing falls within the definition of "corporate finance transactions".

The disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to the above transactions have been modified in the manner set out in the Offering Circular. Information of the New Loan transaction will be disclosed in the annual report of GZI REIT in accordance with those modified disclosure and reporting requirements.

Other than HSBC, the New Loan Lenders are independent third parties and are not connected persons (as defined under the REIT Code) of GZI REIT.

Events of Default

Under the New Loan Agreement, it shall be an event of default if Yuexiu Property Company Limited ("Yuexiu Property") ceases to hold at least 15% of all the units of GZI REIT ("Units") in issue at any time. As at the date of this announcement, Yuexiu Property owns approximately 35.58% of all the Units in issue.

There are other events of default set out in the New Loan Agreement which are customary in nature.

If an event of default under the New Loan Agreement occurs, the New Loan Lenders may cancel the New Loan and/or declare that all or part of the New Loan, together with accrued interest, and all other amounts accrued or outstanding under (among others) the New Loan Agreement be immediately due and payable and/or declare that all or part of the New Loan be payable on demand.

The Board's View

With due consideration of the terms of the New Loan Agreement and other relevant factors in connection with the refinancing of the Term Loan and the Acquisition Financing, the Board of the Manager considers that: (1) the obtaining of the New Loan under the New Loan Agreement; and (2) the refinancing of the Term Loan and the Acquisition Financing, in the manner as summarised above, are carried out at arm's length on normal commercial terms, are fair and reasonable, and are in the interest of the Unitholders as a whole.

By order of the board of directors of
GZI REIT Asset Management Limited
(as manager of GZI Real Estate Investment Trust)
Liang Ningguang
Chairman

Hong Kong, 26 September 2011

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

Executive directors: Messrs. Liang Ningguang and Liu Yongjie

Non-executive director: Mr. Liang Youpan

Independent non-executive directors: Messrs. Chan Chi On, Derek, Lee Kwan Hung, Eddie and

Chan Chi Fai, Brian