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If you are in any doubt as to any aspect in this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution licensed to deal in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your units in Yuexiu Real Estate Investment Trust, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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越秀房地產投資信託基金

YUEXIU 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: 00405)

Managed by



越秀房託資產管理有限公司

YUEXIU REIT ASSET MANAGEMENT LIMITED

CIRCULAR TO UNITHOLDERS IN RELATION TO

(1) PROPOSED AMENDMENTS TO TRUST DEED IN RELATION TO

(I) EXPANSION OF GEOGRAPHICAL SCOPE

(II) EXPANSION OF INVESTMENT SCOPE OF YUEXIU REIT'S

INVESTMENT STRATEGY TO INCLUDE

(A) PROPERTY DEVELOPMENT AND RELATED ACTIVITIES AND

(B) RELEVANT INVESTMENTS

(III) OTHER PROPOSED AMENDMENTS TO THE TRUST DEED

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING AND

CLOSURE OF REGISTER OF UNITHOLDERS

A letter to the Unitholders is set out on pages 8 to 28 of this circular.

A notice convening the EGM to be held at Plaza 1-4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 27 May 2021 at 11:00 a.m. is set out on pages N-1 to N-3 of this circular. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the unit registrar of the REIT, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please see page 1 of this document for measures being taken to try to prevent and control the spread of the coronavirus disease 2019 ("COVID-19") at the extraordinary general meeting, including:

- compulsory wearing of face masks and attendees who do not wear face masks may be requested to leave or denied entry into the extraordinary general meeting venue
- scanning of the "LeaveHomeSafe" venue QR code or registering contact details in written form
- compulsory hand sanitizing at the entrance of extraordinary general meeting venue
- compulsory body temperature checks at the entrance of the extraordinary general meeting venue
- no distribution of refreshments and gift coupons

The Manager wishes to remind Unitholders that they may, by using proxy forms with voting instructions inserted, appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the extraordinary general meeting as an alternative to attending the extraordinary general meeting in person. Completion and return of the proxy forms will not preclude the Unitholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

In view of the ongoing COVID-19 pandemic and recent recommendations for prevention and control of its spread, the Manager will implement the following precautionary measures at the EGM to protect attending Unitholders, staff and other persons from the risk of infection:

- (i) all attendees must wear face masks inside the EGM venue at all times and the attendees who do not wear face masks may be requested to leave or denied entry into the EGM venue;
- (ii) all attendees must scan the “LeaveHomeSafe” venue QR code or register his/her name, contact number and the date and time of visit, prior to entering the EGM venue;
- (iii) all attendees must wash their hands with alcohol-based hand sanitizer before entering the EGM venue;
- (iv) compulsory body temperature checks will be conducted on all attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.2 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue; and
- (v) no refreshments or gift coupons will be distributed.

To the extent permitted under law, the Manager reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the health and safety of the attendees at the EGM.

In the interest of all stakeholders’ health and safety and in view of the recent COVID-19 guidelines for prevention and control, the Manager wishes to remind all Unitholders that physical attendance at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Unitholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person. Completion and return of the proxy forms will not preclude the Unitholders from attending and voting in person at the meeting or any adjournment thereof should they subsequently so wish, and in such case, the proxy forms previously submitted shall be deemed to be revoked.

The proxy form is attached to this circular for Unitholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the “Investor Relations” section of Yuexiu REIT’s website at <http://www.yuexiureit.com> and the Stock Exchange’s website at www.hkexnews.hk. If you are not a registered Unitholder (if your Units are held via banks, brokers or custodians), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

If Unitholders choosing not to attend the EGM in person have any questions about the relevant resolutions, or about Yuexiu REIT or any matters for communication with the Board, they are welcome to contact the Manager via the following means:

Email: yxft.ir@yuexiureit.com
Tel: (852) 2593 2385
Fax: (852) 2519 6473

CORPORATE INFORMATION

Yuexiu REIT	Yuexiu Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time
Manager	Yuexiu REIT Asset Management Limited 17B, Yue Xiu Building 160 Lockhart Road Wanchai Hong Kong
Directors of the Manager	<i>Executive Directors:</i> Mr. Lin Deliang (<i>Chairman</i>) Ms. Ou Haijing <i>Non-executive Directors:</i> Mr. Li Feng Mr. Zeng Zhizhao <i>Independent Non-executive Directors:</i> Mr. Chan Chi On, Derek Mr. Chan Chi Fai, Brian Mr. Cheung Yuk Tong Mr. Chen Xiaou
Trustee	HSBC Institutional Trust Services (Asia) Limited (in its capacity as trustee of Yuexiu REIT) 1 Queen's Road Central Hong Kong
Unit Registrar	Tricor Investor Services Limited 54/F Hopewell Centre 183 Queen's Road East Hong Kong
Legal Advisers to the Manager	Dechert 31/F Jardine House One Connaught Place Central, Hong Kong

DEFINITIONS

In this circular, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

Aggregate Development Costs	the total of the Property Development Costs and the aggregate contract value relating to any acquisition of uncompleted units in a building by Yuexiu REIT, which shall be subject to the Property Development Cap
Announcement	the announcement of Yuexiu REIT dated 26 April 2021 in respect of, among others, the proposed (i) Geographical Scope Amendments, (ii) Property Development Amendments, (iii) Relevant Investments Amendments and (iv) Other Trust Deed Amendments
Board	the board of Directors
Deposited Property	all the assets of Yuexiu REIT for the time being held or deemed to be held upon the trusts constituted by the Trust Deed
Director(s)	the director(s) of the Manager
EGM	the extraordinary general meeting of Unitholders to be held at Plaza 1-4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 27 May 2021 at 11:00 a.m. to consider the Special Resolutions set out in the EGM Notice, and any adjournment of such EGM
EGM Notice	the notice included in this circular in respect of the EGM to consider and, if thought fit, approve the Geographical Scope Amendments, Property Development Amendments and Relevant Investments Amendments
EGM Record Date	27 May 2021, being the date by reference to which the eligibility of the Unitholders to participate in the EGM will be determined

DEFINITIONS

Geographical Scope Amendments	the proposed amendments to the Trust Deed in connection with the proposed expansion of the geographical scope of property investment of Yuexiu REIT to include Real Estate situated in any part of the world, the details of which are set out in Appendix I to this circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 1 set out in the EGM Notice
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Latest Practicable Date	23 April 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Manager	Yuexiu REIT Asset Management Limited (in its capacity as the manager of Yuexiu REIT), a company incorporated under the laws of Hong Kong
Maximum Cap	25% of the gross asset value of the Deposited Property at any time, being the threshold limit for the combined value of all Relevant Investments, all Non-qualified Minority-owned Properties, other ancillary investments of Yuexiu REIT, and the Aggregate Development Costs
Minority-owned Properties	jointly owned properties in which Yuexiu REIT will not have majority (more than 50%) ownership and control (which, for the avoidance of doubt, do not include wholly or majority-owned car parks, units or floors in a building or complex)
Non-qualified Minority-owned Properties	all Minority-owned Properties other than Qualified Minority-owned Properties under 7.7C of the REIT Code
Other Trust Deed Amendments	the proposed amendments to the Trust Deed which are not subject to the approval of Unitholders, the details of which are set out in Appendix IV to this circular
PRC	the People's Republic of China

DEFINITIONS

Property Development Amendments	the proposed amendments to the Trust Deed in connection with the proposed expansion of Yuexiu REIT's investment strategy so as to permit Property Development and Related Activities, the details of which are set out in Appendix II to this circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 2 set out in the EGM Notice
Property Development and Related Activities	(i) the acquisition of uncompleted units in a building and (ii) property development (including both new development projects and re-development of existing Real Estate held by Yuexiu REIT), but does not include refurbishments, retrofittings and renovations
Property Development Cap	the threshold limit applicable to Aggregate Development Costs, which may be up to 25% of the gross asset value of the Deposited Property
Property Development Costs	the total project costs borne and to be borne by Yuexiu REIT in respect of the Property Development and Related Activities, inclusive of the costs for acquisition of land (if any) and the development or construction costs and financing costs
Qualified Minority-owned Property	a Minority-owned Property which can satisfy the overarching principles and specific conditions as set out in 7.7C of the REIT Code and, where required, has been approved by the SFC as Qualified Minority-owned Property
Real Estate	has the meaning ascribed to it in the Trust Deed
REIT Code	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being
Relevant Investments	(i) securities listed on the Stock Exchange or other internationally recognised stock exchanges; (ii) unlisted debt securities; (iii) government and other public securities; and (iv) local or overseas property funds

DEFINITIONS

Relevant Investments Amendments	the proposed amendments to the Trust Deed in connection with the expansion of Yuexiu REIT's investment strategy regarding Relevant Investments, the details of which are set out in Appendix III to this circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 3 set out in the EGM Notice
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Special Resolution(s)	(a) resolution(s) of Unitholders passed at a duly convened meeting of Unitholders, by a majority consisting of 75% or more of the votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll (such meeting shall be with a quorum of two or more Unitholders holding not less than 25% of the Units in issue)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	the trust deed constituting Yuexiu REIT dated 7 December 2005 and entered into between the Trustee and the Manager, as may be amended and supplemented from time to time
Trust Deed Amendments Requiring Approval	the Geographical Scope Amendments, the Property Development Amendments, and the Relevant Investments Amendments
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as trustee of Yuexiu REIT. All references to the Trustee in this circular are, as the context may require, to the Trustee acting on behalf of Yuexiu REIT and on the instructions of the Manager
Trustee Ordinance	the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as amended, supplemented or otherwise modified
Unit	one undivided unit in Yuexiu REIT

DEFINITIONS

Unitholder	any person registered as holding a Unit on the register of Unitholders
Yuexiu REIT	Yuexiu Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorized under Section 104 of the SFO subject to applicable conditions from time to time (whose Units are listed on the Stock Exchange) and the companies controlled by it, as the context requires
%	per cent or percentage

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this circular shall be a reference to Hong Kong time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to two decimal places.

LETTER TO UNITHOLDERS



越秀房地產投資信託基金
YUEXIU 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: 00405)

Managed by



越秀房託資產管理有限公司
YUEXIU REIT ASSET MANAGEMENT LIMITED

Directors of the Manager:

Executive Directors:

Mr. Lin Deliang (*Chairman*)

Ms. Ou Haijing

Non-executive Directors:

Mr. Li Feng

Mr. Zeng Zhizhao

Independent Non-executive Directors:

Mr. Chan Chi On, Derek

Mr. Chan Chi Fai, Brian

Mr. Cheung Yuk Tong

Mr. Chen Xiaou

Registered Office:

17B, Yue Xiu Building

160 Lockhart Road

Wanchai

Hong Kong

27 April 2021

To: Unitholders of Yuexiu REIT

Dear Sir or Madam,

CIRCULAR TO UNITHOLDERS IN RELATION TO
(1) PROPOSED AMENDMENTS TO TRUST DEED IN RELATION TO
(I) EXPANSION OF GEOGRAPHICAL SCOPE
(II) EXPANSION OF INVESTMENT SCOPE OF YUEXIU REIT'S
INVESTMENT STRATEGY TO INCLUDE
(A) PROPERTY DEVELOPMENT AND RELATED ACTIVITIES AND
(B) RELEVANT INVESTMENTS
(III) OTHER PROPOSED AMENDMENTS TO THE TRUST DEED
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING AND
CLOSURE OF REGISTER OF UNITHOLDERS

1. INTRODUCTION

Reference is made to the Announcement. The Manager proposes to seek Unitholders' approval at the EGM to approve certain amendments to the Trust Deed, including (i) the Geographical Scope Amendments, (ii) the Property Development Amendments, and (iii) the

LETTER TO UNITHOLDERS

Relevant Investments Amendments. The Manager would like to take this opportunity to adopt the Other Trust Deed Amendments, which are not subject to Unitholders' approval at the EGM. The purposes of this circular are: (i) to provide you with further information in respect of, among other things, the proposed amendments to the Trust Deed; and (ii) to serve notice of the EGM.

2. PROPOSED AMENDMENTS TO THE TRUST DEED

Section A: Proposed expansion of geographical scope of investment

2.1. Under clause 19.2(a) of the Trust Deed, Yuexiu REIT is established to invest in Real Estate in the PRC through Special Purpose Vehicles. The Manager considers that concentrating property investment in a single market (namely the PRC) is not conducive to the long-term development and sustainable growth of Yuexiu REIT. There are appealing investment opportunities available in markets outside of the PRC, with real estate prices still at relative low levels, low funding costs, high availability of local financing, favourable foreign exchange rates and high cash yields etc. Therefore, it is essential for Yuexiu REIT to take advantage of the attractive investment opportunities outside of the PRC and for its long-term and sustainable growth. Accordingly, the Manager proposes to expand the scope of the investment policy of Yuexiu REIT such that its investment policy will no longer be geographically restricted to the PRC and Yuexiu REIT may invest in Real Estate in any part of the world (subject to the requirements of the REIT Code).

2.2. *Reasons and benefits for expanding the geographical scope of investment*

The Manager's reasons and expected benefits of expanding the geographical scope of property investment of Yuexiu REIT to include properties situated anywhere in the world (including Real Estate in the PRC) are as follows:

- (i) **Greater investment opportunities.** Investing in properties beyond a single country provides the Manager with greater flexibility to achieve diversification as and when opportunities arise, which may increase rental income and/or provide greater capital appreciation potential than one single market.
- (ii) **Trend for cross-border investments.** A new trend has emerged in recent years for REITs to have investments in more than one geographical location. Many REITs in Hong Kong have geographically diverse investment strategies which aim to facilitate cross-border investments in other countries. As such, the Manager would like to respond to this emerging trend to cater for the investment appetite of the investors.

LETTER TO UNITHOLDERS

- (iii) **Prospects of overseas markets and increase in competitiveness of Yuexiu REIT.** In many geographical locations outside PRC, property markets have displayed encouraging prospects for investment. In addition, in case an investment opportunity which involves Real Estate outside of the PRC, which provides attractive long-term cash flows and yields and potential net asset value growth is available, the Manager can capture the opportunity to enhance the return on the portfolio for Unitholders.
- (iv) **Exposure to wider Unitholder base.** Expanding the geographical scope of investment to other allow for investments in other locations could increase exposure and visibility of Yuexiu REIT to investors in those locations. As a result, Yuexiu REIT may be able to attract a wider Unitholder base to invest.

2.3. Considerations when investing in Real Estate outside of the PRC

There is no current plan as to which geographical areas Yuexiu REIT will expand into, but the Manager will proceed in a disciplined manner with considerations primarily being given to the management team's expertise and experience, resources and capability in the relevant jurisdiction. In selecting appropriate investments outside Hong Kong, the Manager will take into account all relevant factors, including but not limited to the following:

- (i) **Investor confidence in the market.** In deciding which jurisdictions to invest in, the Manager will consider investing in markets in which investor confidence is strong, and in locations where ownership of properties is likely to make an investment in the Units more attractive to potential investors.
- (ii) **Market stability.** The Manager will also assess and evaluate general market conditions, potential yield, and other relevant macro-economic considerations to determine whether it is feasible to invest in such a market.
- (iii) **Laws and taxation.** The Manager will take into consideration relevant laws and regulations of property ownership in a potential location, as well as the location's taxation regime (whether it would be tax-friendly to Yuexiu REIT) to determine whether it is feasible to invest in such a market.
- (iv) **Growth potential of the geographical location.** The Manager will evaluate the growth potential of a geographical location and take into consideration the relative supply and demand for the specific types of properties in which Yuexiu REIT targets to invest in, as well as the operational expenses in connection with managing such properties.

LETTER TO UNITHOLDERS

2.4. Risks relating to investments in overseas properties

Investment in overseas properties may involve, without limitation, the following characteristics and risks in relation to the financial aspects and operational matters:

- (i) **Uninsurable material losses.** Certain types of risks, such as natural disasters, war and terrorism may fall outside the scope of insurance of Yuexiu REIT or may even be uninsurable in certain geographical locations. Therefore, the existing insurance coverage may not be fully compatible with the level of risk that properties in these locations would be exposed to.
- (ii) **Difficulty in converting currencies.** Currencies of some geographical locations may not be freely convertible. If Yuexiu REIT makes an investment in those locations, revenue that is generated from that investment may be subject to foreign exchange controls such that outward remittances would be restricted.
- (iii) **Regulatory controls and taxation.** Yuexiu REIT may be subject to extensive regulatory restrictions (e.g., land use restrictions) and heavy taxation in the real estate sector in particular geographical locations. Such regulations may also change regularly which could have an adverse effect on investment in property.
- (iv) **Inexperience in investing in overseas property markets.** As the Manager has focused on managing and investing in Real Estate located in the PRC, the Manager may lack experience in managing investments outside of the PRC.

Accordingly, the risks as described above may adversely impact the expected investment return from investment in overseas properties, the financial condition and/or business condition of Yuexiu REIT, as well as the results of its operations, which may in turn affect the level of distributions to Unitholders.

2.5. Mitigation of risks relating to investments in overseas properties

2.5.1. To safeguard against and mitigate risks in connection with investing in overseas properties, the Manager will ensure there is effective internal control and risk management measures, including:

- (i) periodic review of Yuexiu REIT's non-PRC business and investment strategy to ensure that it complies with relevant applicable laws, the REIT Code and the Trust Deed;
- (ii) ensuring that specific investment opportunities fit the financial criteria (e.g., the gearing ratio as permitted under the REIT Code); and
- (iii) ensuring all investment decisions are made within operating budgets.

LETTER TO UNITHOLDERS

- 2.5.2. The Manager will ensure that before engaging in any investment in any jurisdiction outside of the PRC, it will have competent and adequate staff with appropriate skills, resources and expertise (either in-house or outsourced to a competent external party subject to the Manager's oversight) to manage the investment in those jurisdictions.

2.6. Compliance with laws and regulations

- 2.6.1. **Requirements under the REIT Code.** Investments in properties by a REIT are subject to compliance with the relevant requirements of the REIT Code and other relevant legal and regulatory requirements. For example, the REIT Code requires the real estate that a REIT invests in shall generally be income-generating and in particular, at least 75% of the gross asset value of a REIT shall be invested in real estate that generates recurrent rental income at all times. The Manager will ensure that all properties, wherever located, in which Yuexiu REIT invests, complies with the requirements under the REIT Code and any other relevant legal and regulatory requirements.

- 2.6.2. **Corporate governance.** Pursuant to 5.2(ca) of the REIT Code, the Manager is required to implement appropriate policies and conduct due diligence such that investments are made only after careful and diligent investigations by the Manager. The compliance manual of the Manager sets out, among other things, the procedures relating to the identification, evaluation and decision-making for potential acquisition of properties by the Manager on behalf of Yuexiu REIT. The Manager will update the Compliance Manual as appropriate to include the measures set out in section 2.5.1. of this circular above.

2.7. Proposed amendments to the Trust Deed

In connection with the proposed expansion of geographical scope of Yuexiu REIT's investment scope, the Manager proposes consequential amendments to the Trust Deed (being the Geographical Scope Amendments) as summarised below. The following summary should be read together with the full text of the Geographical Scope Amendments which are set out in Appendix I to this circular:

- (i) The Manager proposes to amend clause 19.2(a) of the Trust Deed to specify that Yuexiu REIT may invest in any part of the world and not just in the PRC.

2.8. Unitholders' approval

In connection with the above proposed expansion of the geographical scope of Yuexiu REIT's investment scope, subject to the restrictions under the REIT Code, the Manager proposes to seek the Unitholders' approval by way of Special Resolution for the Geographical Scope Amendments, the details of which are set out in Appendix I to this circular. Based on the reasons and benefits for expanding the geographical scope of investment of Yuexiu REIT as set out in section 2.2 of this circular and having taken into account the risks involved, the Manager considers that such amendments are beneficial to the Unitholders as whole.

LETTER TO UNITHOLDERS

Section B: Proposed expansion of Yuexiu REIT's investment scope to include Property Development and Related Activities

2.9. Overview of amendments to the REIT Code

As a result of the amendments to the REIT Code in August 2014, greater flexibility has been introduced to REITs with respect to their investment in properties under development or engagement in property development activities, subject to, among other things, obtaining the approval of Unitholders for the necessary trust deed amendments. These previous amendments to the REIT Code include the following:

- (i) REITs are required to primarily invest in real estate. At least 75% of the gross asset value of the REIT shall be invested in real estate that generates recurrent rental income at all times.
- (ii) Flexibility to invest in properties under development or engage in property development activities (including both new development projects and redevelopment of existing properties) and to invest in vacant land, subject to certain requirements and limitations, are introduced for REITs. In the case of investments in properties under property developments undertaken by a REIT, such properties shall be held by the REIT for a period of at least two years from the completion of the properties.

In view of such relaxation and flexibility of investments introduced by the previous amendments to the REIT Code, the Manager proposes to amend the Trust Deed to reflect such changes so that Yuexiu REIT may engage in or undertake Property Development and Related Activities (subject to the requirements of the REIT Code).

2.10. Reasons and benefits for expanding the investment scope to include Property Development and Related Activities

The reasons and benefits for expansion of the investment scope to include Property Development and Related Activities are set out below:

- (i) **More tailored investment opportunities which fit Yuexiu REIT's investment strategy.** By carrying out Property Development and Related Activities, Yuexiu REIT will be able to acquire properties at an earlier stage of the project cycle in addition to the currently available developed properties. In addition, early participation in a property development project will enable the Manager to have more input and control over the final product that Yuexiu REIT is targeting to acquire, therefore creating more opportunities for Yuexiu REIT to acquire more properties that is tailored to its investment focus.

LETTER TO UNITHOLDERS

- (ii) **Redevelopment of aging/existing properties.** Yuexiu REIT may wish to acquire existing or aging properties at attractive prices, and after acquisition, may redevelop such properties and produce a higher rate of return. As a result, this may lead to higher yields and potential for capital gain for the property.
- (iii) **Redevelopment of adjacent properties.** Opportunities may arise when a property adjacent to an existing property held by Yuexiu REIT is available for investment. The Manager can consider whether to acquire such adjacent property for comprehensive redevelopment and/or integrate it with the existing property as an extension or annex of the existing project. Such projects could provide Yuexiu REIT with higher recurrent rental income and a platform for expansion.
- (iv) **Lower cost of investments at early stages.** The costs of acquiring properties under development may be relatively lower as compared to acquiring completed properties, due to lower fundamental costs on land acquisitions. The Manager may be able to better control development costs from the beginning of the project and as a result, this may lead to higher yields and potential for capital gain for the property.

2.11. Risks relating to Property Development and Related Activities

Engaging in Property Development and Related Activities may involve certain risks, including, without limitation, the following:

- (i) **Construction risk.** The progress and costs of Property Development and Related Activities may be affected by factors such as shortage of materials, equipment, availability of contractors and skilled labour, labour disputes, construction accidents, natural disasters and adverse weather conditions. By undertaking Property Development and Related Activities, Yuexiu REIT will be exposed to the risk of increased cost of labour and construction materials during various stages of property development. If the cost of labour or construction materials increases significantly and Yuexiu REIT is unable to offset such an increase by reducing costs elsewhere, this may affect the expected investment return of the project and in turn, the level of distributions to Unitholders.
- (ii) **Lack of track record.** The Manager has not previously engaged in Property Development and Related Activities.
- (iii) **Default by counterparties in a project.** If Yuexiu REIT engages third party contractors and sub-contractors to carry out various works in relation to Property Development and Related Activities, it cannot guarantee that the services rendered by such third-party contractors or sub-contractors will always be satisfactory or up to Yuexiu REIT's expected quality standard and timelines. Such contractors or sub-contractors may undertake projects for other development companies and their resources may be diverted, or they may encounter financial or other difficulties, which may cause unexpected delays in the completion of Yuexiu REIT's property developments or increase the costs of construction.

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- (iv) **Failure or delay in obtaining relevant government approvals.** In order to develop and complete a property development, various governmental permits, licences, certificates and other regulatory approvals at various stages of the property development process are required. Each approval is dependent on the satisfaction of certain conditions. Yuexiu REIT may encounter issues or delays in obtaining such approvals or in fulfilling the requisite conditions for obtaining such approvals. If Yuexiu REIT fails to obtain the approvals or to fulfill requisite conditions for those approvals for its property development in a timely manner, or at all, the property developments may not proceed as planned. In addition, if there is any change in local legislation, rules and regulations relating to property development, Yuexiu REIT may have to revise its original property development plan, thus incurring extra costs and additional time needed for completion.
- (v) **Financing risk.** Property development projects typically require a substantial amount of capital prior to and during the construction period. Yuexiu REIT may have to obtain multiple debt facilities to finance the construction project. There is a risk that Yuexiu REIT may not be able to secure adequate financing to complete a development project. Fluctuations in interest rates, coupled with deterioration of the general business environment may increase financing costs, whilst reducing rental yield and property value.
- (vi) **Risks of disputes with partners.** Yuexiu REIT may undertake Property Development and Related Activities through joint ventures or in collaboration with third parties, subject to the REIT Code. Such joint venture arrangements or collaborations may involve a number of risks, including disputes with its partners in connection with the performance of their obligations under the relevant project, joint venture or cooperative property development agreements, disputes in connection with the scope of each party's responsibilities under those arrangements, financial difficulties encountered by such partners affecting their ability to perform their obligations, or conflicts between the policies or objectives adopted by such partners and those adopted by Yuexiu REIT. These disputes may lead to legal proceedings, damage to Yuexiu REIT's reputation, the incurrence of substantial costs and the diversion of resources and management's attention.
- (vii) **Risk of impact on income.** Yuexiu REIT may receive reduced or no income from the underlying real estate when Property Development and Related Activities are being undertaken. Such period may be prolonged if, for the abovementioned reasons, completion of the Property Development and Related Activities is delayed. There is no guarantee of a return from any investment in Property Development and Related Activities.

Accordingly, the risks as described above may adversely impact the expected investment return from Property Development and Related Activities, the financial condition and/or business condition of Yuexiu REIT, as well as the results of its operations, which may in turn affect the level of distributions to Unitholders.

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2.12. Mitigation of risks relating to Property Development and Related Activities

In order to mitigate and minimise the above risks, the Manager will revise its compliance manual as appropriate to include the following measures:

- (i) prepare detailed budgets in respect of any Property Development and Related Activities and manage budgets effectively and efficiently;
- (ii) closely monitor the process of application for all relevant governmental and regulatory approvals, and conduct proper due diligence to ensure all approvals required for Property Development and Related Activities have been duly obtained and all applicable laws and regulations have been complied with;
- (iii) ensure construction contracts are entered into at arm's length and on normal and reasonable commercial terms and have ring-fencing measures that align with best industry practices;
- (iv) ensure that Yuexiu REIT has sufficient and adequate resources to finance the Property Development and Related Activities at all times, having regard to limitations on borrowing under the REIT Code and any exigencies that may arise in the course of construction;
- (v) ensure that the Manager has competent and adequate staff with appropriate skills, resources and expertise (either in-house or by way of outsourcing to a competent external third party, subject to the Manager's oversight) to manage the Property Development and Related Activities; and
- (vi) ensure that the Property Development and Related Activities will not result in a material change in the overall risk profile of Yuexiu REIT.

2.13. Compliance with laws and regulations

2.13.1. Requirements under the REIT Code.

Subject to Unitholders' approval of the expanded investment strategy regarding Property Development and Related Activities, any investment by Yuexiu REIT in Property Development and Related Activities will be subject to the restrictions and limitations under the REIT Code. The relevant existing restrictions and limitations under the REIT Code are summarised below:

- (i) At least 75% of the gross asset value of Yuexiu REIT shall be invested in real estate that generates recurrent rental income at all times.
- (ii) Investment in vacant land is prohibited unless it can be demonstrated that such investment is "part-and-parcel" of Property Development and Related Activities and within the investment objective or policy of Yuexiu REIT.

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- (iii) The Aggregate Development Costs shall not exceed the Property Development Cap at any time.
- (iv) The value of Yuexiu REIT's holding of any Non-qualified Minority-owned Property must not exceed 10% of the gross asset value of Yuexiu REIT at all times.
- (v) Yuexiu REIT shall hold properties developed pursuant to Property Development and Related Activities for a period of at least two years from the completion of the properties, unless Yuexiu REIT has clearly communicated to the Unitholders the rationale for disposal prior to the expiry of such two-year period, and that the Unitholders approve such disposal by Special Resolution at a general meeting.

2.13.2. **Corporate governance.** The REIT Code sets out certain requirements which are expected to be complied with by the Manager if Yuexiu REIT undertakes Property Development and Related Activities. In view of such requirements, the Manager will update the compliance manual of Yuexiu REIT to include the following corporate governance provisions if the Property Development Amendments are approved by the Unitholders:

- (i) the Manager should include a prudent buffer when preparing budgets in line with best industry standards and practice to cater for cost overruns that may arise during the course of development (and where the Property Development and Related Activities are conducted overseas, the Manager should also take into account any currency impact in the calculation);
- (ii) any decision made by the Manager to invest in Property Development and Related Activities must be made solely in the best interests of Unitholders;
- (iii) investments in Property Development and Related Activities should not result in a material change in the overall risk profile of Yuexiu REIT;
- (iv) the Manager must have the requisite resources, competence, expertise, effective internal controls and risk management system for conducting Property Development and Related Activities;
- (v) the upfront calculation of Property Development Costs and where necessary any subsequent increase should be based on a fair estimate made by the Manager in good faith and supported by the opinion of an independent expert acceptable to the SFC;
- (vi) the Manager should consult the Trustee and issue an announcement to inform Unitholders upon Yuexiu REIT entering into a contract to invest in Property Development and Related Activities, which should include all material information concerning the Property Development and Related Activities; and

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- (vii) the Manager should also ensure that all material information concerning the Property Development and Related Activities is set out in periodic updates (namely, the annual and interim reports) which should include the development progress, the extent (in percentage terms) to which the Property Development Cap has been applied and the costs incurred. Such disclosure in the annual reports shall be reviewed by the audit committee of the Manager.

2.14. Proposed amendments to the Trust Deed

2.14.1. In connection with the proposed expanded investment scope regarding Property Development and Related Activities, the Manager proposes consequential amendments to the Trust Deed (being the Property Development Amendments) relating to investments by Yuexiu REIT as summarised below. The following summary should be read together with the full text of the Property Development Amendments which are set out in Appendix II to this circular:

- (i) **Property Development and Related Activities.** The Manager proposes the following amendments to facilitate Property Development and Related Activities: (i) expansion of the definition of “Authorised Investments” to expressly include Property Development and Related Activities; (ii) insertion of new definitions for “Aggregate Development Costs”, “Gross Asset Value of the Deposited Property”, “Property Development and Related Activities”, “Property Development Cap” and “Property Development Costs” in clause 1.1 of the Trust Deed; and (iii) insertion of a new clause 19.3(a)(ix) into the Trust Deed to provide that the Aggregate Development Costs are subject to the overall Maximum Cap.
- (ii) **Vacant land restrictions.** The Manager proposes to amend clause 19.3(a)(iii) of the Trust Deed to specify that Yuexiu REIT shall not invest in vacant land unless such investment is part-and-parcel of the Property Development and Related Activities and within the investment policies and objectives of Yuexiu REIT.
- (iii) **Minimum holding period.** The Manager proposes to amend Clauses 19.3(a)(vi) and 28.4(c) of the Trust Deed to add that the requirement to hold properties for a period of at least two years will, in the context of a property undergoing Property Development and Related Activities, commence from the date that the Property Development and Related Activities are completed.
- (iv) **Threshold requirement.** The Manager proposes to amend clause 19.2(b) of the Trust Deed in compliance with the REIT Code requirement that at least 75% of the gross asset value of the Deposited Property shall be invested in Real Estate that generates recurrent rental income at all times.

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2.15. Unitholders' approval

In connection with the above proposed expansion of Yuexiu REIT's investment scope to include Property Development and Related Activities, subject to the restrictions under the REIT Code, the Manager proposes to seek the Unitholders' approval by way of Special Resolution for the Property Development Amendments, the details of which are set out in Appendix II to this circular. Based on the reasons and benefits for expanding the investment scope of Yuexiu REIT as set out in section 2.9 of this circular and having taken into account the risks involved, the Manager considers that such amendments are beneficial to the Unitholders as whole.

Section C: Proposed expansion of Yuexiu REIT's Investment scope to include Relevant Investments

2.16. Overview of amendments to the REIT Code

In addition to the above amendments to the REIT Code regarding Property Development and Related Activities, the amendments to the REIT Code in August 2014 also introduced flexibility for REITs to invest in listed securities, unlisted debt securities, government and other public securities and property funds, subject to certain limitations. In view of the investment relaxation and flexibility introduced by the amendments to the REIT Code, the Manager proposes to take this opportunity to reflect such changes in the Trust Deed so that Yuexiu REIT may expand the investment scope of Yuexiu REIT's investment policy to include investments in Relevant Investments.

2.17. Reasons and benefits for the expanded investment scope regarding Relevant Investments

The expanded investment scope regarding Relevant Investments would provide Yuexiu REIT with more flexibility to manage its cash position with a view to enhancing returns to Unitholders, especially in times of low cash deposit rates or when there are limited suitable property investment opportunities. The Manager will ensure that before engaging in any Relevant Investments, it will have competent and adequate staff with sufficient and appropriate skills, resources and expertise in place either as part of its in-house skills or by way of outsourcing to a competent external party under its oversight, to manage the Relevant Investments.

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2.18. Risks relating to the expanded investment scope regarding Relevant Investments

Investments in Relevant Investments may involve, without limitation, the following characteristics and risks:

- (i) **Market risk.** If Yuexiu REIT invests in the Relevant Investments in the nature of equity securities, debt securities or property funds, it will be susceptible to the risk of all or certain parts of the market in which it has invested. The market value of stocks, debt securities and property funds will fluctuate in response to (but not limited to) general market and economic conditions, and will also be exposed to changes in commodity prices, foreign exchange rates and interest rates. In particular, since the Hong Kong Dollar is pegged to the US Dollar, interest rate movements in Hong Kong will be directly and heavily influenced by interest rate movements in the United States. In addition, there is the risk of inflation, as the return on debt securities such as bond investments may lose purchasing power if there is an increase in consumer prices.
- (ii) **Default or credit risk.** Yuexiu REIT may face financial loss if an issuer or counterparty to the Relevant Investments defaults in payment, or experiences a decline in its payment capacity. A corporate event such as a merger or takeover may lower the credit rating of the issuer.
- (iii) **Price volatility risk.** Substantial fluctuations in the price of a financial instrument may negatively affect the investment. In the case of equity securities, stock prices may be highly volatile and unpredictable subject to different local and international market and economic factors. The price volatility of the stock may also increase due to speculations in the market and changes in business risk of the underlying operations. Moreover, a stock may be suspended from trading on the relevant stock exchange or market, during which time Yuexiu REIT would not be able to buy or sell such stock on such stock exchange or market. The price of the stock may fluctuate after its resumption of trading due to changes in market and/or business risks during the period of suspension. These fluctuations can also be unpredictable.
- (iv) **Liquidity risk.** Yuexiu REIT may not be able to sell a sufficient amount of the Relevant Investments at a desired time and at a satisfactory price because demand in the Relevant Investments may become low during certain periods of time, notwithstanding the Relevant Investments being relatively liquid when they were acquired and transparently priced. In such circumstances, Yuexiu REIT may be forced to sell the Relevant Investments on unfavourable terms.

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- (v) **Management and policy risk.** Yuexiu REIT may unintentionally invest in companies with improper management practices, which conduct transactions that are detrimental to Yuexiu REIT's interests as an investor or, in the case of property funds, the risk of poor performance by fund managers. Such improper actions or practices may affect the value of the Relevant Investments and have an adverse impact on the level of distributions to Unitholders. Meanwhile, changes in local and/or international government policies and regulations may have a profound impact on the pricing of equity securities in the relevant sectors or industries.

- (vi) **Risks in relation to property funds.** Investments in local or overseas property funds may involve additional risks. There is no assurance that a property fund will achieve its investment objective and strategy. A property fund is highly susceptible to the relevant real estate market conditions if it concentrates its investment in a single property or asset class. In the case of overseas property funds, changes in exchange rates may have an adverse effect on the value of the fund's assets. Further, investing overseas will entail regional as well as political risks.

Accordingly, the risks as described above may adversely impact the value of the Relevant Investments, the financial condition and/or business condition of Yuexiu REIT, as well as the results of its operations, which may in turn affect the level of distributions to Unitholders.

2.19. Mitigation of risks relating to Relevant Investments

The Manager will minimise and mitigate the above risks by: (i) analysing the financials of any issuer of the Relevant Investments before an investment is made and on a regular basis so long as it is part of Yuexiu REIT's portfolio; (ii) ensuring that the proportion of Yuexiu REIT's assets exposed to such risks will be small and diversified across multiple investments; and (iii) adhering to the restrictions and adopting the corporate governance measures set out below in this section.

2.20. Requirements under the REIT Code. If the expanded investment scope regarding Relevant Investments is approved by the Unitholders at the EGM, any investment by Yuexiu REIT in Relevant Investments will be subject to the restrictions and limitations under the REIT Code from time to time. The relevant existing restrictions and limitations under the REIT Code are summarised below:

- (i) The Relevant Investments should be sufficiently liquid, could be readily acquired or disposed of under normal market conditions and in the absence of trading restrictions, and have transparent pricing.

- (ii) Yuexiu REIT shall not invest in any high risk, speculative, or complex financial instruments, structured products or enter into any securities lending, repurchase transactions or other similar over-the-counter transactions, and investments in the Relevant Investments shall not result in a material change in the overall risk profile of Yuexiu REIT.

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- (iii) The total aggregate sum of the combined value of (a) all Relevant Investments; (b) the Aggregate Development Costs; (c) all Minority-owned Properties other than Qualified Minority-owned Properties; and (d) other ancillary investments of Yuexiu REIT, shall not exceed 25% of the gross asset value of Yuexiu REIT at any time.
- (iv) The value of Yuexiu REIT's holding of the Relevant Investments issued by any single group of companies shall not exceed 10% of the gross asset value of Yuexiu REIT.
- (v) When determining whether the 25% threshold limit in (iii) above is exceeded:
 - (a) Real estate related assets (e.g. plant and equipment) included as part of the real estate of the scheme in its valuation and financial statements may be disregarded as "other ancillary investments" above and may be included as part and parcel of the scheme's recurrent rental income-generating real estate.
 - (b) Hedging instruments in the nature of treasury tools for Yuexiu REIT to manage interest rate and currency exposures may also be disregarded if the exceeding of the threshold is on a short term basis. However, such exclusion would be strictly limited to those financial instruments to the extent used for genuine hedging purpose.

2.21. Corporate governance. The REIT Code sets out certain requirements which are expected to be complied with by the management company if investment is made in regard to the Relevant Investments. In view of such requirements, the Manager will update the compliance manual of Yuexiu REIT to include the following corporate governance provisions if the expanded investment scope regarding Relevant Investments and Relevant Investments Amendments are approved by the Unitholders:

- (i) any decision made by the Manager to invest in Relevant Investments must be made solely in the best interests of Unitholders;
- (ii) the Manager must have the requisite resources, competence, expertise, effective internal controls and risk management system for investing in Relevant Investments;
- (iii) the Manager must ensure that the Relevant Investments are independently and fairly valued on a regular basis in accordance with the Trust Deed, in consultation with the Trustee. The valuation should be made in accordance with applicable accounting standards adopted for preparing Yuexiu REIT's financial statements, as well as best industry standards and practice, and there should be a daily marked-to-market valuation wherever practicable;
- (iv) the Manager should conduct proper due diligence on the Relevant Investments such that investments are made only after careful and diligent investigations on the nature and risks of investment products, and ensure that all applicable laws and regulations have been complied with;

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- (v) the Manager shall perform upfront valuations prior to each investment, manage the Relevant Investments and monitor them on an on-going basis to ensure that the Maximum Cap is observed;
- (vi) the investments in Relevant Investments should not result in a material change in the overall risk profile of Yuexiu REIT. In assessing the risks involved, the Manager should take into account relevant factors such as the creditworthiness of the issuer of Relevant Investments. The Manager should monitor these investments on an ongoing basis to ensure compliance with all applicable requirements;
- (vii) the Manager shall publish the full investment portfolio of the Relevant Investments with key information, such as credit ratings of the instruments invested, if applicable, on Yuexiu REIT's website on an ongoing basis which shall be updated monthly within five business days of each calendar month end; and
- (viii) the Manager should also ensure that all material information concerning the Relevant Investments is set out in periodic updates (namely, the annual and interim reports) which should include the extent (in percentage terms) to which the Maximum Cap has been applied and such disclosure in the annual reports shall be reviewed by the audit committee of the Manager.

2.22. Proposed amendments to the Trust Deed

In connection with the proposed expanded investment scope regarding Relevant Investments, the Manager proposes consequential amendments to the Trust Deed (being the Relevant Investments Amendments) relating to investments by Yuexiu REIT as summarised below. The following summary should be read together with the full text of the Relevant Investments Amendments which are set out in Appendix III to this circular:

- (i) **Investments in Relevant Investments.** The Manager proposes to amend and expand the definition of "Authorised Investments" to expressly include the Relevant Investments. Consequentially, the Manager also proposes to insert a new definition for "Relevant Investments" and "Maximum Cap" and a new clause 19.2(e) into the Trust Deed to specify that Yuexiu REIT's investment policy shall include Relevant Investments.
- (ii) **Threshold on Relevant Investments Issued by any single group of companies.** The Manager proposes to insert a new clause 19.3(a)(vii) into the Trust Deed in compliance with the REIT Code requirement stating that the value of Yuexiu REIT's holding of the Relevant Investments issued by any single group of companies shall not exceed 10% of the gross asset value of Yuexiu REIT at any time. The Manager also proposes to insert a new clause 19.3(a)(ix) into the Trust Deed to provide that the Relevant Investments are subject to the overall Maximum Cap.

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2.23. Unitholders' approval

In connection with the above proposed expansion of Yuexiu REIT's investment scope to include Relevant Investments, subject to the restrictions under the REIT Code, the Manager proposes to seek the Unitholders' approval by way of Special Resolution for the Relevant Investments Amendments, the details of which are set out in Appendix III to this circular. Based on the reasons and benefits for expanding the investment scope of Yuexiu REIT as set out in section 2.16 of this circular and having taken into account the risks involved, the Manager considers that such amendments are beneficial to the Unitholders as whole.

Section D: Other Trust Deed amendments

The Manager would like to take this opportunity to adopt the Other Trust Deed Amendments as detailed in Appendix IV to this circular, including the following key amendments:

- (i) to reflect the amended requirements under the REIT Code in respect of investments in Minority-owned Properties, including, amongst others, the conditions and investment restrictions on Yuexiu REIT's investments in Minority-owned Properties;
- (ii) to increase the borrowing limit from 45% to 50% of the gross asset value of Yuexiu REIT;
- (iii) to broadly align the requirements in respect of connected party transactions and notifiable transactions (if any) of Yuexiu REIT with the REIT Code and the corresponding requirements applicable to companies listed on the Stock Exchange under the Listing Rules. Such amendments include, amongst others, revising the scope of connected persons of Yuexiu REIT;
- (iv) to amend the Trust Deed to align with the Trustee Ordinance;
- (v) to reflect other amendments to align with the REIT Code, including without limitation:
 - (a) to revise the time limits in relation to distribution and filing of semi-annual reports and circulars to align with the requirements under the Listing Rules; and
 - (b) to remove the limitation on the number of layers of special purpose vehicles; and
- (vi) to implement other miscellaneous amendments of an editorial or immaterial nature.

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Pursuant to 9.6 of the REIT Code and clause 36 of the Trust Deed, no specific approval from Unitholders is required for the Other Amendments to the Trust Deed, provided that the Trustee certifies that in its opinion such amendments (i) are necessary to comply with fiscal or other statutory or official requirements; or (ii) do not materially prejudice Unitholders' interests, do not to any material extent release the Trustee, the Manager or any other person from any liability to holders and do not increase the costs and charges payable from the Deposited Property; or (iii) are necessary to correct a manifest error.

The Trustee has confirmed that it is of the opinion that the Other Trust Deed Amendments: (i) are necessary to comply with fiscal or other statutory or official requirements; or (ii) do not materially prejudice Unitholders' interests, do not to any material extent release the Trustee, the Manager or any other person from any liability to Unitholders and do not increase the costs and charges payable from the Deposited Property. Accordingly, such amendments do not require Unitholders' approval under the REIT Code or the Trust Deed. The Trustee has confirmed that it will provide the relevant certifications pursuant to 9.6 of the REIT Code and clause 36 of the Trust Deed in the supplemental deed to the Trust Deed to effect such amendments.

3. APPROVALS REQUIRED

- 3.1. Under 10.7(a)(v) of the REIT Code, a circular is required to be issued where there is a change in the general character or nature of a REIT, such as its investment objectives and/or policy of the scheme.
- 3.2. Moreover, under Clause 19.2(e) of the Trust Deed, in order for the Manager to change the investment policies of Yuexiu REIT, it is required to: (i) give notice to the Unitholders of the change by way of circular in accordance with the requirements of the REIT Code; and (ii) obtain approval by the Unitholders by Special Resolution at a meeting convened by the Manager in accordance with the provisions of the Trust Deed. Furthermore, clause 36 of the Trust Deed provides that no amendment, variation, modification, alteration or addition shall be made without the sanction of a Special Resolution, save for certain limited exceptions as certified by the Trustee in writing in accordance with the REIT Code.
- 3.3. Accordingly, the Manager proposes to seek the necessary Unitholders' approval by way of Special Resolution as required for the (i) Geographical Scope Amendments, (ii) Property Development Amendments, and (iii) Relevant Investments Amendments at the EGM. Pursuant to paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. Therefore, Special Resolutions will be decided on by poll at the EGM.

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4. RECOMMENDATION OF THE BOARD AND OPINION OF THE TRUSTEE

4.1. Haven taken into account the duties of the Manager under the Trust Deed and the REIT Code, the Board considers that:

- (a) (i) the proposed expansion of Yuexiu REIT's investment scope to include Real Estate situated in any part of the world, together with Geographical Scope Amendments; (ii) the proposed expansion of Yuexiu REIT's investment scope to include Property Development and Related Activities, together with the Property Development Amendments; and (iii) the proposed expansion of Yuexiu REIT's investment scope to include Relevant Investments, together with the Relevant Investments Amendments, as set out in this circular are in the interests of Yuexiu REIT and the Unitholders as a whole; and
- (b) the Trust Deed Amendments Requiring Approval are made in compliance with the modification provisions of the Trust Deed and the REIT Code.

Accordingly, the Board recommends all Unitholders to vote in favour of the relevant Special Resolutions at the EGM.

4.2. Having taken into account the duties of the Trustee under the Trust Deed and the REIT Code, and based on the information provided by, and assurances from, the Manager, the opinion of the Board, and the information contained in this circular:

- (a) the Trustee has confirmed that it has no objection to the Trust Deed Amendments Requiring Approval as set out in this circular, subject to Unitholders' approval of such amendments, and to the requisite amendments being made to the Trust Deed; and
- (b) subject to (i) Unitholders' approval of the Trust Deed Amendments Requiring Approval, and (ii) the requisite amendments being made to the Trust Deed, the Trustee is of the view that such amendments, when implemented in the manner contemplated in this circular, will be made in compliance with the modification provisions of the Trust Deed and the REIT Code.

4.3. The Trustee's views and confirmations above are not to be taken as a recommendation or representation by the Trustee of the merits of the Trust Deed Amendments Requiring Approval or any statements or information made or disclosed in this circular. The Trustee has not made any assessment of the impact or merits of the Trust Deed Amendments Requiring Approval, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who are in any doubt as to the impact or merits of the Trust Deed Amendments Requiring Approval, to seek their own financial or other professional advice.

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5. RESTRICTIONS ON VOTING

9.9(f) of the REIT Code provides that where a Unitholder has a material interest in the resolution tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting. Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the resolution tabled for approval at a general meeting of the REIT, and that interest is different from the interests of other Unitholders as determined by the Manager (where the Unitholders concerned is (are) not connected persons of the Manager under the REIT Code) or the Trustee (where the Unitholders concerned is (are) connected persons of the Manager under the REIT Code, if appropriate, in its absolute opinion), such Unitholder shall be prohibited from voting its Units or being counted in the quorum for the general meeting.

So far as the Manager is aware, and to the best of the Manager's knowledge, information and belief, after having made reasonable enquiries, the Manager takes the view that, as at the Latest Practicable Date, no Unitholder is required to abstain from voting at the EGM in respect of the Special Resolutions pertaining to the (i) Geographical Scope Amendments; (ii) Property Development Amendments; and (iii) Relevant Investments Amendments.

6. EXTRAORDINARY GENERAL MEETING AND CLOSURE OF REGISTER OF UNITHOLDERS

The EGM will be held at 11:00 a.m. on 27 May 2021, at Plaza 1-4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, for the purpose of considering and, if thought fit, passing with or without amendments, the resolutions set out in the EGM Notice, which is set out on pages N-1 to N-3 of this circular. You can vote at the EGM if you are a Unitholder on 27 May 2021 which is referred to in this circular as the EGM Record Date. You will find enclosed with this circular the EGM Notice (see pages N-1 to N-3 of this circular) and a form of proxy for use for the EGM.

In order to determine which Unitholders will qualify to attend and vote at the EGM, the register of Unitholders of Yuexiu REIT will be closed from 24 May 2021 to 27 May 2021 (both days inclusive) during which period no transfers of Units will be effected. For those Unitholders who are not already on the Register of Unitholders, in order to qualify to attend and vote at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21 May 2021.

Your vote is very important. Accordingly, please complete, sign and date the accompanying proxy form in accordance with the instructions printed thereon and return it to the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

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7. RESPONSIBILITY STATEMENT

The Manager and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

9. MISCELLANEOUS

A copy of the Trust Deed is available for inspection at the office of the Manager at all times from 9:00 a.m. to 5:00 p.m. on Business Days in accordance with the provisions of the Trust Deed. A copy of the proposed form of the supplemental deed to effect the amendments in the Trust Deed will be available for inspection at the office of the Manager from 9:00 a.m. to 5:00 p.m. on Business Days from the date of this circular up to and including the date of the EGM.

Yours faithfully,

By Order of the Board

Yuexiu REIT Asset Management Limited

(as manager of Yuexiu Real Estate Investment Trust)

YU Tat Fung

Company Secretary

The Manager proposes to seek Unitholders' approval to make the amendments to the Trust Deed of which the full text or extract of the relevant clauses are reproduced in this Appendix I, with the proposed insertions and deletions indicated by, respectively, the underlined text and the strikethrough text below. All capitalised terms in the proposed Trust Deed amendments contained in this Appendix I are terms defined in the Trust Deed and have the corresponding meanings ascribed to them in the Trust Deed.

(Please refer to Special Resolution no. 1)

Where one or more of the other Special Resolution(s) proposed at the EGM is or are not approved by Unitholders, consequential amendments may be made to the provisions below if required (for example, if the introduction of a defined term is not approved by Unitholders in one Special Resolution, but is used in the context of another Special Resolution that is approved by Unitholders).

1. Clause 19.2(a) of the Trust Deed be amended as follows:

“(a) Subject to clause 19.2(~~e~~)(g), the Trust is established to invest in Real Estate in ~~the People’s Republic of China~~ any part of the world, either directly or indirectly through Special Purpose Vehicles and/or joint venture entities.~~The Manager must manage the Deposited Property so that the principal investments of the Trust are Real Estate.~~”

(Note: If Special Resolution no. 2 is not passed, the deletion of the second sentence in clause 19.2(a) as set out above will not be implemented.)

The Manager proposes to seek Unitholders' approval to make the amendments to the Trust Deed of which the full text or extract of the relevant clauses are reproduced in this Appendix II, with the proposed insertions and deletions indicated by, respectively, the underlined text and the strikethrough text blow. All capitalised terms in the proposed Trust Deed amendments contained in this Appendix II are terms defined in the Trust Deed and have the corresponding meanings ascribed to them in the Trust Deed.

(Please refer to Special Resolution no. 2)

Where one or more of the other Special Resolution(s) proposed at the EGM is or are not approved by Unitholders, consequential amendments may be made to the provisions below if required (for example, if the introduction of a defined term is not approved by Unitholders in one Special Resolution, but is used in the context of another Special Resolution that is approved by Unitholders).

1. A new definition of "Aggregate Development Costs" be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

"Aggregate Development Costs means the total of the Property Development Costs and the aggregate contract value relating to any acquisition of uncompleted units in a building by the Trust, which shall be subject to the Property Development Cap;"

2. Sub-clause (a) of the definition of "Authorised Investments" under clause 1.1 of the Trust Deed be amended as follows:

"Authorised Investments means:

(a) Real Estate as permitted under the REIT Code, including any improvement or extension of or addition to or reconstruction or renovation or other development of any Real Estate (including but not limited to Property Development and Related Activities);"

3. A new definition of "Gross Asset Value of the Deposited Property" be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

"Gross Asset Value of the Deposited Property means $GAV - D \pm V$ where:

GAV = total assets as shown in the Trust's latest published accounts;
D = the amount of any distribution proposed in the Trust's latest published accounts and any distribution declared since the issuance of the Trust's latest published accounts; and
V = the change (if any) in the Approved Valuer's (or, where applicable, the JV valuer's) determination of the value of the Trust's Real Estate, based on its valuation report(s) published subsequent to the issuance of the Trust's latest published accounts."

4. A new definition of “Property Development and Related Activities” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**Property Development and Related Activities** means the acquisition of uncompleted units in a building by the Trust and property developments (including both new development projects and redevelopment of existing Real Estate held by the Trust), but does not include refurbishments, retrofittings and renovations;”

5. A new definition of “Property Development Cap” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**Property Development Cap** means the threshold limit applicable to the Aggregate Development Costs, which may be up to 25% of the Gross Asset Value of the Deposited Property;”

6. A new definition of “Property Development Costs” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**Property Development Costs** means the total project costs borne and to be borne by the Trust in respect of the Property Development and Related Activities, inclusive of the costs for acquisition of land (if any) and the development or construction costs and financing costs;”

7. Clause 19.2(a) of the Trust Deed be amended as follows:

“(a) Subject to clause 19.2(~~e~~)(g), the Trust is established to invest in Real Estate in ~~the People’s Republic of China~~ any part of the world, either directly or indirectly through Special Purpose Vehicles and/or joint venture entities. ~~The Manager must manage the Deposited Property so that the principal investments of the Trust are Real Estate.~~”

(Note: If Special Resolution no. 1 is not passed, the replacement of “the People’s Republic of China” with “any part of the world” as set out above will not be implemented.)

8. Clause 19.2(b) shall be deleted in its entirety and be amended to read as follows:

“(b) Subject to clause 19.2(g), the Manager must manage the Deposited Property so that at least 75% of the Gross Asset Value of the Deposited Property shall be invested in Real Estate that generates recurrent rental income at all times.”

9. A new clause 19.2(d) be inserted immediately after clause 19.2(c) of the Trust Deed as follows and the original clauses 19.2(d) and 19.2(e) be re-numbered as clauses 19.2(f) and 19.2(g) respectively:

“(d) The Manager may engage or participate in Property Development and Related Activities, provided that the Aggregate Development Costs shall not exceed the Property Development Cap at any time.”

(Note: If Special Resolution no. 3 is not passed, the original clauses 19.2(d) and 19.2(e) shall be re-numbered as clauses 19.2(e) and 19.2(f).)

10. Clause 19.3(a)(iii) of the Trust Deed be amended as follows:

“(iii) the Trust shall not invest in vacant land ~~or engage or participate in any property development activities (excluding, for the avoidance of doubt, refurbishment, retrofitting and renovations);~~ unless such investment is part-and-parcel of the Property Development and Related Activities undertaken in accordance with clause 19.2(d) and within the investment policy or objectives of the Trust;”

11. Clause 19.3(a)(vi) of the Trust Deed be amended as follows:

“(vi) the Trust shall hold each Investment (which is in the nature of a Real Estate or shares or interest in any Special Purpose Vehicle and/or joint venture entity holding interest in a Real Estate (other than a Non-qualified Minority-owned Property) for a period of at least two years from the date of its acquisition (or if the Trust engages in Property Development and Related Activities, from the date that such Property Development and Related Activities in respect of the Real Estate are completed) unless the Trust has clearly communicated to the Unitholders the rationale for disposal prior to the expiry of such period and the Unitholders approve the disposal of such Investment by Special Resolution at a meeting to be convened by the Manager in accordance with the Schedule 1.”

12. A new sub-clause 19.3(a)(ix) be inserted as follows:

“(ix) the combined value of all Relevant Investments, all Non-qualified Minority-owned Properties, other ancillary investments of the Trust, when aggregated with the Aggregate Development Costs, shall not exceed the Maximum Cap at any time;”

(Note: If Special Resolution no. 2 is not passed, the reference to Relevant Investments will be deleted.)

13. Clause 28.4(c) of the Trust Deed be amended as follows:

“(c) entering into a disposal of Real Estate within a period of less than two years from the Acquisition Date (or if the Trust engages in Property Development and Related Activities, from the date that such Property Development and Related Activities in respect of that Investment is completed);”

The Manager proposes to seek Unitholders' approval to make the amendments to the Trust Deed of which the full text or extract of the relevant clauses are reproduced in this Appendix III, with the proposed insertions and deletions indicated by, respectively, the underlined text and the strikethrough text below. All capitalised terms in the proposed Trust Deed amendments contained in this Appendix III are terms defined in the Trust Deed and have the corresponding meanings ascribed to them in the Trust Deed.

(Please refer to Special Resolution no. 3)

Where one or more of the other Special Resolution(s) proposed at the EGM is or are not approved by Unitholders, consequential amendments may be made to the provisions below if required (for example, if the introduction of a defined term is not approved by Unitholders in one Special Resolution, but is used in the context of another Special Resolution that is approved by Unitholders).

1. The definition of "Authorised Investments" under clause 1.1 of the Trust Deed be amended and a new sub-clause (e) be inserted immediately after sub-clause (d), and the original sub-clause (e) be re-numbered as sub-clause (f):

"Authorised Investments means: ...

(e) Relevant Investments;

...

~~(e)-(g)~~ ...the Authorised Investments contemplated by paragraphs (a), (b), (c), ~~and (d)~~, (e) and (f) of this definition..."

2. A new definition of "Maximum Cap" be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

"Maximum Cap means 25% of the Gross Asset Value of the Deposited Property at any time, being the threshold limit for the combined value of all Relevant Investments, all Non-qualified Minority-owned Properties, other ancillary investments of the Trust of the gross asset value of the Trust at any time), and the Aggregate Development Costs;"

3. A new definition of "Relevant Investments" shall be inserted in alphabetical order under clause 1.1 of the Principal Deed as follows:

"Relevant Investments means:

(a) securities listed on the SEHK or other internationally recognised stock exchanges;

(b) unlisted debt securities;

- (c) government and other public securities; and
 - (d) local or overseas property funds;”
4. A new clause 19.2(e) be inserted immediately after the new clause 19.2(d) if Special Resolution no. 2 is passed at the EGM (or, if Special Resolution no. 2 is not passed at the EGM, immediately after clause 19.2(c) as a new clause 19.2(d)) of the Trust Deed, and the original clause 19.2(e) and 19.2(f) be re-numbered clause 19.2(f) and 19.2(g) respectively:

“(e) Subject to compliance with the REIT Code, the Manager may invest in Relevant Investments, Non-qualified Minority-owned Properties and other ancillary investments.”

5. Clause 19.3(a) of the Trust Deed be amended and new sub-clauses (vii), (viii) and (ix) be inserted immediately after the original sub-clause (vi) as follows:

“(vii) the value of the Trust’s holding of the Relevant Investments issued by any single group of companies shall not exceed 10% of the Gross Asset Value of the Deposited Property;

(viii) the value of the Trust’s holding of any Non-qualified Minority-owned Property must not exceed 10% of the Gross Asset Value of the Deposited Property at all times;

(ix) the combined value of all Relevant Investments, all Non-qualified Minority-owned Properties, other ancillary investments of the Trust, when aggregated with the Aggregate Development Costs, shall not exceed the Maximum Cap at any time;

(x) save as may be permitted under the REIT Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, the aggregate value of the Trust’s holding of all other ancillary investments (other than financial instruments for genuine hedging purposes and cash) shall not exceed 10% of the gross asset value of the Deposited Property at any time; and

(xi) the Relevant Investments be sufficiently liquid, be readily acquire/disposed of under normal market conditions in the absence of trading restrictions, with transparent pricing.”

(Note: If Special Resolution no. 2 is not passed, the references in clause 19.3(a)(ix) to Aggregate Development Costs will be deleted.)

The amendments to the Trust Deed of which the full text or extract of the relevant clauses are reproduced in this Appendix IV do not require Unitholders' approval. The proposed insertions and deletions are indicated by, respectively, the underlined text and the strikethrough text below. All capitalised terms in the proposed Trust Deed amendments contained in this Appendix IV are terms defined in the Trust Deed and have the corresponding meanings ascribed to them in the Trust Deed.

1. The definition of "associate" under clause 1.1 of the Trust Deed be amended by deleting the text in its entirety and replaced with the following:

"**associate** shall have the meaning given to it under the REIT Code, save that, for the purpose of interpretation of this Deed, any Special Purpose Vehicle and any joint venture entity held by the Trustee, in its capacity as the trustee of the Trust only, shall not be an associate of the Trustee;"

2. The definition of "Authorised Investments" under clause 1.1 of the Trust Deed be amended as follows:

"**Authorised Investments** means:

...

- (c) shares in the issued share capital of any Special Purpose Vehicle and/or joint venture entity established or to be established at the direction of the Manager and any goodwill and other intangible assets acquired in relation to the acquisition of any Special Purpose Vehicle ~~Vehicles~~ Vehicle and/or joint venture entity;

...

- (f)

Minority-owned Properties; and

...

in each case whether held by the Trustee directly or indirectly through a Special Purpose Vehicle and/or joint venture entity or otherwise pursuant to this Deed;"

3. A new definition of "chief executive" be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

"**chief executive** shall have the meaning given to it under 8.1 of the REIT Code;"

4. The definition of “Connected Party Transaction” under clause 1.1 of the Trust Deed be amended as follows:

“**Connected Party Transaction** means any transaction between any Connected Person and ~~either the Trust’s group or any transaction falling within 8.6 of the REIT Code, and includes also those transactions that would constitute connected transactions for listed companies contemplated under 8.7A of the REIT Code, but excludes transactions which are not regarded as connected party transactions under the REIT Code, the Listing Rules (to the extent appropriate and practicable) or any published guidelines, policies, practice statements or other guidance issued by the SFC from time to time~~ or any Special Purpose Vehicle;”

5. The definition of “Connected Person” under clause 1.1 of the Trust Deed be amended as follows:

“**Connected Person** means any of the following persons:

- (a) The Manager;
- ~~(b) the Approved Valuer;~~
- ~~(c) the Trustee;~~
- ~~(d) a Substantial Significant Holder;~~
- ~~(e) a director (including a person who was a director of the Manager or any subsidiaries of the Trust in the last 12 months) or senior chief executive (i) of the Manager; (ii) the Trustee; or (iii) any subsidiaries of the Trust~~ or an officer of any of the entities in (a), (b), (c) or (d) above;
- ~~(f) an associate of the persons or entities in (a), (b), (c) or (d) or (e); and~~
- ~~(g) a “connected subsidiary” as defined in Chapter 14A of the Listing Rules (modified as appropriate pursuant to the REIT Code); and~~
- ~~(h) a person deemed to be connected by the SFC a controlling entity, holding company, subsidiary or associated company of any of the entities in (a) to (d).~~

In determining whether a person is a Connected Person of the Trust, reference should generally be made to requirements applicable to listed companies under the Listing Rules (modified as appropriate pursuant to the REIT Code) to the extent appropriate and practicable except as otherwise provided in the REIT Code or guidelines issued by the SFC from time to time.”

6. The definition of “Investment” under clause 1.1 of the Trust Deed be amended as follows:

“**Investment** means any one of the assets (whether held directly by the Trustee or through any Special Purpose Vehicle and/or joint venture entity) forming for the time being a part of the Deposited Property or, where appropriate, being considered for acquisition to form part of the Deposited Property;”

7. A new definition of “joint venture entity” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**joint venture entity** means an entity or any partnership or other arrangement in which or through which the Trust invests in any jointly owned property as contemplated under 7.7A of the REIT Code and it may be majority-owned or minority-owned by the Trust;”

8. A new definition of “JV valuer” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**JV valuer** means a property valuer engaged by a joint venture entity holding relevant Real Estate;”

9. The definition of “Liabilities” under clause 1.1 of the Trust Deed be amended as follows:

“**Liabilities** means all the liabilities in respect of the Trust whether incurred directly by the Trustee or indirectly through a Special Purpose Vehicle and/or joint venture entity or the Manager (including, in each case, liabilities accrued but not yet paid) and any provision which the Manager decides in consultation with the Auditors should be taken into account in determining the liabilities of the Trust;”

10. A new definition of “Minority-owned Properties” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**Minority-owned Properties** means jointly owned properties in which the Trust will not have majority (more than 50%) ownership and control (which, for the avoidance of doubt, do not include wholly or majority-owned car parks, units or floors in a building or complex);”

11. A new definition of “Non-qualified Minority-owned Properties” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**Non-qualified Minority-owned Properties** means all Minority-owned Properties other than Qualified Minority-owned Properties under 7.7C of the REIT Code;”

12. The definition of “Property Value” under clause 1.1 of the Trust Deed be amended as follows:

“**Property Value** means the Value of all Real Estate, whether directly held by the Trustee or indirectly held by the Trustee (through a Special Purpose Vehicle and/or joint venture entity or as otherwise permitted by the REIT Code) pursuant to this Deed provided that, where a Special Purpose Vehicle and/or joint venture entity is not wholly owned by the Trust, the Value of the Real Estate owned by that Special Purpose Vehicle and/or joint venture entity which is attributable to the Trust shall be the proportion of the total value of the relevant Real Estate which corresponds with the Trust’s equity interest in the Special Purpose Vehicle and/or joint venture entity;”

13. A new definition of “Qualified Minority-owned Property” be inserted in alphabetical order under clause 1.1 of the Trust Deed as follows:

“**Qualified Minority-owned Property** means a Minority-owned Property which can satisfy the overarching principles and specific conditions as set out in 7.7C of the REIT Code and, where required, has been approved by the SFC as Qualified Minority-owned Property;”

14. The definition of “Significant Holder” under clause 1.1 of the Trust Deed be amended by deleting the text in its entirety and replaced with the following:

“**Substantial Holder** means a Holder who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Trust or any of its subsidiaries;”

All other references to “Significant Holder” in the Trust Deed shall also be replaced with “Substantial Holder”.

15. Clause 9.4 of the Trust Deed be amended as follows:

“9.4 In addition to the Manager’s obligations under clause 9.2, where any Units are issued for non-cash consideration in the nature of Real Estate or shares in Special Purpose Vehicles and/or joint venture entities which directly or indirectly own Real Estate, the value of such non-cash consideration shall be determined by the Manager on an arm’s length basis which is fair and reasonable to Holders in accordance with a report provided by an Approved Valuer prior to such issuance of Units.”

16. The first three sentences of clause 13.4(b) of the Trust Deed be amended as follows:

“(b) The Trustee shall be responsible for the safe custody of the Deposited Property held by it directly or of the Real Estate held through any Special Purpose Vehicle and/or joint venture entity. Any Authorised Investments forming part of the Deposited Property shall be paid or transferred to, or to the order of, the Trustee or a Special Purpose Vehicle and/or joint venture entity forthwith on receipt by the Manager. Cash constituting Deposited Property may, where necessary, be held in an account in the name of a Special Purpose Vehicle and/or joint venture entity outside Hong Kong and operated by the Manager (or any delegate of the Manager) provided that the Trustee shall exercise due powers of oversight with regard to the same.”

17. Clauses 13.4(c)(xiii) and (xvii) of the Trust Deed be amended as follows:

“(xiii) take all reasonable care to ensure that the Trust (including, where relevant, a Special Purpose Vehicle and/or joint venture entity) has good marketable legal and beneficial title to any Real Estate owned by the Trust (including where relevant, a Special Purpose Vehicle and/or joint venture entity), and that each of the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements and any other agreements) entered into on behalf of the Trust (including, where relevant, a Special Purpose Vehicle and/or joint venture entity) with respect to the Investments is legal, valid and binding and enforceable by or on behalf of the Trust (including, where relevant, a Special Purpose Vehicle and/or joint venture entity) in accordance with its terms;

...

(xvii) be responsible for the appointment of the board of directors of all Special Purpose Vehicles and/or joint venture entity as provided in clause 19.5;”

18. Clause 14.3 of the Trust Deed be amended as follows:

“14.3 Prior encumbrances

Real Estate acquired for the benefit of the Trust (either directly or indirectly through Special Purpose Vehicles and/or joint venture entities) may be subject to existing mortgages or other security interests (Encumbrances) given to secure obligations which are not for the account of the Trust (or any Special Purpose Vehicle and/or joint venture entity) if: ...”

19. Clause 14.5 of the Trust Deed be amended as follows:

“14.5 Manager’s Duties

The Manager shall (by itself or through its delegates):

...

(d) ensure that the financial and economic aspects of Deposited Property are professionally managed in the sole interests of the Holders, including:

...

(xvii) appointing and reviewing the performance of the Auditors and the auditors for Special Purpose Vehicles and/or joint venture entities; and

...

(e) The Manager shall use all reasonable efforts to procure compliance by each Special Purpose Vehicle and/or joint venture entity, mutatis mutandis, with the Constitutive Documents, the REIT Code and applicable law.

(f) In addition to the foregoing, the Manager shall:

(i) ensure that the Trust (including where relevant, a Special Purpose Vehicle and/or joint venture entity) has good marketable legal and beneficial title to the Real Estate owned by the Trust (including where relevant, a Special Purpose Vehicle and/or joint venture entity), and that each of the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements and any other agreements) entered on behalf of the Trust (including where relevant, a Special Purpose Vehicle and/or joint venture entity) with respect to its assets is legal, valid and binding, and enforceable by or on behalf of the Trust in accordance with its terms;

(ii) maintain or cause to be maintained proper books and accounts and records of the Trust (or copies thereof) (and of all Special Purpose Vehicles and/or joint venture entities and joint ownership arrangements) in Hong Kong and contain the information required by the REIT Code, and shall permit the Trustee from time to time on demand to examine and take copies of or extracts from any such books. The Manager shall prepare or cause to be prepared the Trust’s financial statements which are in agreement with the Trust’s books and records and in accordance with accounting principles generally accepted in Hong Kong, other relevant provisions of the REIT Code, this Deed and which give a true and fair view of the state of affairs of the Trust at the end of the relevant

Financial Year and of the financial transactions of the Trust for the relevant Financial Year. The Manager shall cause the Accounts to be audited by the Auditors and auditors of the Special Purpose Vehicles and/or joint venture entities;

(iii) ...

(B) semi annual reports and accounts to be distributed to Holders and filed with the SFC within ~~two~~ three months of the end of the period they cover, in each case complying with the provisions of the REIT Code;

...

(vi) ensure compliance with any applicable laws, rules, codes or guidelines issued by government departments, regulatory bodies, exchanges or any other organisations regarding the activities of the Trust or its administration and the activities of the Special Purpose Vehicles and/or joint venture entities, including satisfying the SFC that internal systems, controls and procedures of the Manager are in place to ensure all applicable requirements are complied with;”

20. Clause 14.10 of the Trust Deed be amended as follows:

“14.10 Statement of Dealings

The Manager shall promptly notify the Trustee of any issue of Units or grant of any option in respect of any Units and shall promptly furnish to the Trustee a statement of all issues of Units and of the terms on which the same are issued and of any Investments which it determines to direct to be purchased for the account of the Trust (either directly or indirectly through any Special Purpose Vehicle and/or joint venture entity), and also a statement of any Investments which in accordance with the powers hereinafter contained it determines to direct to be sold for account of the Trust (either directly or indirectly through any Special Purpose Vehicle and/or joint venture entity), and any other information which may be necessary so that the Trustee may be in a position to ascertain at any moment the Net Asset Value of the Deposited Property, The Trustee shall be entitled to rely in good faith upon any statement and information provided by the Manager under this clause 14.10.”

21. A new clause 15.1(g) be inserted after clause 15.1(f) of the Trust Deed as follows:

“(g) Payment of the Manager’s remuneration by way of Units within the 20% threshold under 12.2 of the REIT Code shall be exempted from strict compliance with Holders’ approval requirement provided that the aggregate number of Units issued for such purpose in respect of a Financial Year does not exceed 3% (or such other percentage as may be considered appropriate by the SFC) 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 the Trust. In accordance with 12.2 of the REIT Code where Holders' approval is exempted under Chapter 8 of the REIT Code for issuance of Units to Connected Persons, such issuance will also be exempted from strict compliance with Holders' approval requirement."

22. A new clause 17.3 be inserted after clause 17.2 of the Trust Deed as follows:

"For so long as the Trust is authorised by the SFC under section 104 of the SFO, section 41O of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) shall not apply to the extent that is inconsistent with clause 13.4(c)(iii) of this Deed reflecting 4.2(a)(iii) of the REIT Code, and shall not in any way operate to exempt or diminish any liability of the Trustee as set out in this clause reflecting 9.5 of the REIT Code."

23. Clause 19.2(a) and (c) of the Trust Deed be amended as follows:

"(a) Subject to clause 19.2(e)(g), the Trust is established to invest in Real Estate in ~~the People's Republic of China~~ any part of the world, either directly or indirectly through Special Purpose Vehicles and/or joint venture entities. ~~The Manager must manage the Deposited Property so that the principal investments of the Trust are Real Estate.~~

(c) The Manager, on behalf of the Trust, directly or indirectly through Special Purpose Vehicles and/or joint venture entities, may only invest in Real Estate and other Authorised Investments. Such Real Estate shall be generally income-producing. The investment strategy of the Trust shall be determined by the Manager from time to time at its absolute discretion."

(Note: If Special Resolution no. 1 is not passed, the replacement of "the People's Republic of China" with "any part of the world" as set out above will not be implemented. If Special Resolution no. 2 is not passed, the deletion of the second sentence in clause 19.2(a) as set out above will not be implemented.)

24. Clause 19.3(a)(vi) of the Trust Deed be amended as follows:

"(vi) The Trust shall hold each Investment (which is in the nature of a Real Estate or shares in any Special Purpose Vehicle and/or joint venture entity holding interest in a Real Estate) (other than a Non-qualified Minority-owned Property) for a period of at least two years from the date of its acquisition (or if the Trust engages in Property Development and Related Activities, from the date that such Property Development and Related Activities in respect of the Real Estate are completed) unless the Trust has clearly communicated to the Unitholders the rationale for disposal prior to the expiry of such period and the Unitholders approve the disposal of such Investment by Special Resolution at a meeting to be convened by the Manager in accordance with the Schedule 1."

(Note: If Special Resolution no. 2 is not passed, the references to Yuexiu REIT's engagement in Property Development and Related Activities will be deleted.)

25. Clause 19.5 be amended as follows:

“19.5 Special Purpose Vehicles and joint venture entities

- (a) The Trust may legally and beneficially acquire and own the issued share capital of any corporations or companies in or outside Hong Kong (provided that, as and to the extent required by the REIT Code, such corporations or companies are incorporated or redomiciled in jurisdictions which, in the opinion of the Manager, have established laws and corporate governance standards which are commensurate with those observed by companies incorporated in Hong Kong) (which for the avoidance of doubt, does not include a joint venture entity minority-owned by the Trust) (any such entity, a **Special Purpose Vehicle**) and/or joint venture entities if the Manager considers it necessary or desirable for the Trust to incorporate or acquire an entity whose primary purpose is to hold or own Real Estate or arrange financing for the Trust ~~(any such entity, a **Special Purpose Vehicle**)~~ in which event the Manager shall instruct the Trustee to and the Trustee, shall accordingly subscribe or acquire by transfer on behalf of the Trust a Special Purpose Vehicle provided that (i) the Special Purpose Vehicle is wholly owned by the Trust, or (ii) the Trust has majority ownership and control (as defined in the REIT Code and/or other published guidelines, policies, practice statements or other guidance issued by the SFC) of such Special Purpose Vehicle and the Manager confirms that there are sufficient and proper safeguards in the shareholders' agreement or other relevant documents relating to the Special Purpose Vehicle to address the risks arising from the non-wholly owned structure, and such investment is not in conflict with this Deed, the REIT Code and other applicable law.
- (b) ~~As and to the extent required by the REIT Code, the Manager shall ensure that the Trust shall incorporate or acquire no more than two layers of Special Purpose Vehicles in respect of any Investment unless otherwise permitted or waived by the SFC. In the case of two layers of Special Purpose Vehicles, the top layer Special Purpose Vehicle shall be incorporated solely for the purpose of holding the legal and beneficial interests in one or more Special Purpose Vehicles established for the sole purpose of directly or indirectly holding Real Estate and/or arranging financing for the Trust, unless otherwise approved by the SFC.~~

- (e)(b) The Manager shall ensure that neither the memorandum or articles of association or equivalent constitutional documents of and (where applicable) joint venture agreements governing the Special Purpose Vehicles and/or joint venture entities nor the organisation, transactions or activities of such vehicles shall under any circumstance contravene any requirements of the REIT Code or this Deed.
- (d)(c) As and to the extent required by the REIT Code, the Manager shall have responsibility for the management of, and shall manage, the assets held by any such Special Purpose Vehicle and/or joint venture entity, including as provided in clause 19.5(e)(d) and the Trustee shall, in accordance with the Manager's written instructions, exercise its powers of control as shareholder as provided in clause 19.5(f)(e) subject in all cases to clause 13.4(c). The Manager shall direct the Trustee to appoint and remove the directors of any Special Purpose Vehicle and/or joint venture entity and the Trustee, subject in all cases to clause 13.4(c)(i), shall only act in accordance with such instruction. The reasonable costs and expenses of establishing, managing and maintaining and administering such Special Purpose Vehicle and/or joint venture entity, whether incurred by the Manager or by the Trustee shall be paid from the Deposited Property.
- (e)(d) The Manager shall be responsible for the management of the assets held by each Special Purpose Vehicle and/or joint venture entity and shall direct the Trustee as to the annual budget and the management and operation of such Special Purpose Vehicle and/or joint venture entity, and generally perform the same activities in relation to the assets of such Special Purpose Vehicle and/or joint venture entities as to the directly held assets of the Trust. The Trustee shall, insofar as permitted by the relevant constitutive documents and (where applicable) joint venture agreements governing the Special Purpose Vehicle and/or joint venture entity, seek to procure that each Special Purpose Vehicle and/or joint venture entity shall distribute to its shareholder(s) all of its income (after deduction of such costs and expenses as the Manager shall determine be set against such income) as permitted by the laws and regulations of its jurisdiction of incorporation.
- (f)(e) Notwithstanding any other provisions in this Deed, the Trustee shall, directly or indirectly, only upon written instruction by the Manager but subject in all cases to clause 13.4(c) exercise any rights as shareholder ~~to control~~ of such Special Purpose Vehicle and/or joint venture entity (including, without limitation, the obligation to appoint representatives to fill all the seats on the board of directors of such Special Purpose Vehicle and/or joint venture entity to the extent it is entitled to appoint such directors, and to ensure that the auditor and accounting principles and policies of any Special Purpose Vehicle and/or joint venture entity (other than minority-owned joint venture entities) are identical to those of the Trust). The Manager shall use best endeavours to

monitor the actions of the directors of any Special Purpose Vehicle and/or joint venture entity and, where such actions are not consistent with the provisions of this Deed, insofar as permitted by the relevant constitutive documents and (where applicable) joint venture agreements and to the extent the Trustee is entitled to remove such director, shall direct the Trustee to remove the directors (or any of them).

~~(g)~~(f) Notwithstanding any other provision of this Deed (other than clause 13.4(c)), the Trustee's duty to appoint the directors of any Special Purpose Vehicle and/or joint venture entity shall not include finding any suitable individuals or providing any person (including any employee or other Connected Person of the Trustee) as such candidate or nominee director or directors. In appointing suitable nominees of the Manager (which the Manager shall be obliged to procure) as directors of the Special Purpose Vehicle and/or joint venture entity the Trustee shall at all times act in accordance with clause 13.4(c) and may exercise discretion in refusing to appoint any nominee which the Trustee considers to be insufficiently qualified or in respect of whose integrity the Trustee is not satisfied. Where a person nominated by the Manager is not appointed in such circumstance, the Manager shall nominate alternative individuals, subject to this clause."

26. Clause 19.6 of the Trust Deed be amended as follows:

"The Manager may, where it considers it to be in the interests of Holders, invest the assets of the Trust in Real Estate or Special Purpose Vehicles (which own Real Estate constituting Deposited Property) where the Trust has less than 100% ownership and control in accordance with the requirements of the REIT Code, including in jointly owned properties via a joint venture entity in accordance with the conditions set out under 7.7A of the REIT Code. ~~The Manager shall ensure that the Trust has, at all times, majority (more than 50%) ownership and control of each Real Estate or Special Purpose Vehicle (which owns Real Estate) constituting Deposited Property, or at least to the extent required by the REIT Code...."~~

27. A new clause 19.6A be inserted immediately after clause 19.6 of the Trust Deed as follows:

"19.6A Minority-owned Properties

The Trust may invest in Minority-owned Properties. A Qualified Minority-owned Property may be excluded from the calculation of Maximum Cap, subject to SFC's approval. Otherwise, the value of the Trust's holding of any Minority-owned Property which is not a Qualified Minority-owned Property must not exceed 10% of the gross asset value of the Trust at all times."

28. Clause 19.7 of the Trust Deed be amended as follows:

“19.7 Investment Procedures

- (a) As and to the extent required by the REIT Code, if Real Estate is to be acquired through the acquisition of shares in a Special Purpose Vehicle and/or joint venture entity:
 - (i) a report made by accountants (who shall be named in the offering document or circular) shall be prepared on:
 - (A) the profit and loss of the Special Purpose Vehicle and/or joint venture entity in respect of each of the three financial years (or such other shorter period as appropriate) immediately preceding the transaction; and
 - (B) the assets and liabilities of the Special Purpose Vehicle and/or joint venture entity as at the last date (which cannot be more than six months old from the date of the report) to which the accounts of the ~~special purpose vehicle~~ Special Purpose Vehicle and/or joint venture entity were made up;
 - (ii) the report required under (i) shall:
 - (A) indicate how the profits and losses of the Special Purpose Vehicle and/or joint venture entity would, in respect of the shares to be acquired, have concerned the Trust, if the Trust had at all material times held the shares to be acquired; and
 - (B) where the Special Purpose Vehicle and/or joint venture entity has subsidiaries, deal with the profits or losses and the assets and liabilities of the Special Purpose Vehicle and/or joint venture entity and its subsidiaries, either as a whole, or separately; and
 - (iii) a valuation report in respect of the Special Purpose Vehicle’s and/or joint venture entity’s interest in Real Estate shall be prepared, and such report shall comply with the requirements set out in clause 21.”

29. Clause 20.4 of the Trust Deed be amended as follows:

“No new borrowing or money raising shall be requisitioned by the Manager under clause 20.2 or made by the Manager under clause 20.3 if upon the effecting of such borrowing or raising the amount thereof, together with the aggregated amount of all other raisings or borrowings (excluding net assets attributable to Holders) made by the Trustee for the account of the Trust (directly or indirectly through Special Purposes Vehicles) and still remaining to be repaid, would thereupon in the aggregate exceed ~~50%~~ 45% (or such other higher or lower percentage as may be permitted by the REIT Code or as may be specifically permitted by the relevant authorities) of the total gross asset value of the Deposited Property as set out in the Trust’s latest published audited accounts immediately prior to such borrowing being effected (as adjusted by (i) the amount of any distribution proposed by the Manager in such audited accounts and any distribution declared by the Manager since the publication of such accounts; and (ii) where appropriate the latest published valuation of the assets of the Trust if such valuation is published after the publication of such accounts).”

30. Clause 21.1 of the Trust Deed be amended as follows:

“21.1 Appointment of Approved Valuer and JV valuer”

21.1.1 The Manager shall select and recommend one or more property valuers to the Trustee and the Trustee will appoint at its discretion a property valuer as the Approved Valuer recommended by the Manager to make a valuation of Real Estate, subject to the REIT Code. In appointing the property valuer the Trustee shall at all times act in accordance with clauses 13.4(c)(i) and 13.4(c)(v) and may exercise discretion in refusing to appoint any Approved Valuer recommended by the Manager which the Trustee considers to be insufficiently qualified or in respect of whose integrity the Trustee is not satisfied. Where any property valuer recommended by the Manager is not appointed by the Trustee in such circumstances, the Manager will recommend an alternative property valuer subject to this clause 21.1.1. The Manager when making such recommendations to the Trustee, shall have regard to the particular type or types of Authorised Investments the subject of such valuation, recommendation or report, provided that in relation to an Investment which is Real Estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity, the person so recommended shall be a property valuer that carries on the business of valuing real estate in Hong Kong and has key personnel who are fellow or associate members of the Hong Kong Institute of Surveyors and who are qualified to perform property valuations in accordance with the REIT Code.

...

21.1.2 The Approved Valuer may appoint a competent business valuer or other qualified valuer to assist in preparing the valuation of a Minority-owned Property taking into account any impact or implications the specific ownership structure or any relevant divestment or other restrictions may have on the value of the property.

21.1.3 Valuation of a Minority-owned Property may be conducted by a JV valuer, that is, a property valuer engaged by the joint venture entity holding the property. In the case of annual valuation, the Manager may adopt the valuation issued by the JV valuer provided that it is reasonably satisfied with the JV valuer's competence and independence having regard to its duties under the REIT Code. In such case, the obligations on the Approved Valuer under 6.2 of the REIT Code would not apply to such Minority-owned Properties.

21.1.4 Where the Trust proposes to invest in other listed real estate investment trusts, strict compliance with the valuation requirements in this clause 21 and Chapter 6 of the REIT Code may not be required, in particular where the other real estate investment trust is listed and traded on an internationally recognised stock exchange and its financial reports are prepared in accordance with comparable accounting standards."

31. Clause 21.2(a) of the Trust Deed be amended as follows:

“(a) (in the case of Investments falling within any paragraph of the definition of “Authorised Investment” which are in the nature of a Real Estate, whether held directly by the Trustee or indirectly through Special Purpose Vehicles and/or joint venture entities, and subject to clauses 21.1, 21.5 and 21.6) on:”

32. Clause 21.3 of the Trust Deed be amended as follows:

“21.3 Net Asset Value

The Manager shall determine the Net Asset Value of the Deposited Property based upon the Approved Valuer's and the JV valuer's valuation of Real Estate (as the case may be), the value of Cash and Cash Equivalent Items comprised in the assets of the Trust and other Deposited Property less Liabilities.”

33. Clause 21.6 of the Trust Deed be amended as follows:

“21.6 Frequency of Valuation of Real Estate Investments

- (a) The Manager shall ensure that a full valuation of each of the Trusts Real Estate in the form of land (whether held directly by the Trustee or indirectly through a Special Purpose Vehicle and/or joint venture entity) shall be conducted by an Approved Valuer and/or JV valuer at least once a year, and may require the Approved Valuer and/or JV valuer to carry out additional valuations or inspections at such other dates as the Manager may determine in its sole discretion, in accordance with the “Hong Kong Guidance Notes on the Valuation of Property Assets”, the REIT Code and any applicable code of practice for asset valuations, provided that the first valuation of the Trust’s Real Estate in the form of land following the establishment of the Trust will be effected as at the end of the Financial Year in which the Initial Public Offering is completed.
- (b) In addition to the valuation contemplated in clause 21.6(a), the Manager shall ensure that an Approved Valuer shall produce a valuation report:
 - (i) where Real Estate is to be acquired or sold by the Trust; and
 - (ii) ~~where non-cash consideration in the nature of Real Estate which is to be received for the issue of Units in accordance with clause 9.4; and~~
 - (iii) in any other circumstance prescribed by the REIT Code.”

34. The first sentence of clause 23(a) of the Trust Deed be amended as follows:

- “(a) The Manager shall arrange adequate property insurance and public insurance coverage in relation to Investments in the nature of Real Estate in the normal course of business, in the name of the Trust (or, in the case of Investments held through any Special Purpose Vehicle and/or joint venture entity, in the name of such Special Purpose Vehicle and/or joint venture entity) in such amount as is determined by the Manager, with such reputable insurance company as may be determined by the Manager and notified to the Trustee, and to such value in accordance with local market practice thereof in the case of Investments which are of a nature or kind capable of being so insured against fire, loss of rent and such other risks as the Manager or the Trustee may deem prudent.”

35. Clause 24.7 of the Trust Deed be amended as follows:

“To the extent so required by the REIT Code, the Manager and the Trustee shall further use their best endeavours to procure that each Special Purpose Vehicle and/or joint venture entity for the time being shall, directly or indirectly, distribute to the Trust all of such Special Purpose Vehicle’s and/or joint venture entity’s income attributable to the Trust for each Financial Year as permitted by its constitutive documents, (where applicable) joint venture agreements, and the laws and regulations of its relevant jurisdiction of incorporation.”

36. Clause 27.1(a) of the Trust Deed be amended as follows:

“(a) Subject to the provisions of this Deed and its duties and obligations under law and this Deed in respect of Special Purpose Vehicles and/or joint venture entities, all rights of voting conferred by or in respect of any of the Deposited Property shall be exercised in such manner as the Manager may in writing direct (and the Manager may refrain at its own discretion from the exercise of any voting rights).”

37. Clause 28.4 of the Trust Deed be amended as follows:

“28.4 The Manager shall issue a circular to Holders in respect of transactions that, pursuant to the REIT Code (or in the reasonable opinion of the Trustee or the Manager), require Holders’ approval, including: ...

...

(b) entering into a merger or takeover acquisition;

...

(e) changing the general character or nature of the Trust, such as the investment objective and/or policy of the Trust;

(f) changing the level or structure of fees and charges of the Trust only if such alteration requires Holders’ approval; and

~~(g) entering into a Connected Party Transaction which requires Holders’ approval pursuant to clause 31; and~~

~~(h)~~(g) requesting the de-authorisation or de-listing of the Trust.”

38. Clause 28.5 of the Trust Deed be amended as follows:

“28.5 The Manager shall issue a circular to Holders in respect of material information in relation to the Trust, including:

- ~~(a) a transaction (other than a Connected Party Transaction) the value of which exceeds 15% of the gross asset value of the Trust;~~
- ~~(b) a transaction (other than a Connected Party Transaction) for services performed in relation to the Real Estate of the Trust the value of which exceeds 15% of the aggregate value that the Trust committed to spend or has spent on services relating to Real Estate of the Trust during the twelve months preceding the relevant transaction;~~
- ~~(c)(a) a material change in the Trust’s financial forecast; and~~
- ~~(d) an issue of new Units (other than Units issued pursuant to a dividend reinvestment plan) that does not require Holders’ approval; and~~
- ~~(c)(b) a valuation of the Real Estate of the Trust, conducted upon request by the Trustee under clause 21.”~~

39. A new clause 28.5A be inserted immediately after clause 28.5 of the Trust Deed as follows:

“28.5A The Manager shall issue a circular in respect of a Connected Party Transaction or a notifiable transaction in accordance with Chapter 8 or 10.10B of the REIT Code (as the case may be) where applicable.”

40. Clause 28.6 of the Trust Deed be amended be amended by deleting the text in its entirety and replaced with the following:

“The Manager shall send out a circular to Unitholders within 15 business days after the issuance of an announcement referred to in clause 34.2 or 35.1. Where a general meeting is to be held, the relevant circular shall be sent to Holders at the same time as or before the Trust gives the relevant notice of general meeting. In determining the timing within which a circular shall be despatched to Holders, reference should generally be made to requirements applicable to listed companies under the Listing Rules (modified as appropriate pursuant to the REIT Code) to the extent appropriate and practicable except as otherwise provided in the REIT Code or guidelines issued by the SFC from time to time.”

41. Clause 31 of the Trust Deed be amended as follows:

“31.1 Subject to clause 13.4(c)(x), any Connected Party Transaction shall be carried out in accordance with the provisions of the REIT Code and any conditions (including any conditions of waivers and exemptions from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time provided that no Connected Party Transaction shall be void or voidable if it is entered into in breach of such provisions. Save as otherwise provided in the REIT Code or guidelines issued by the SFC from time to time, all Connected Party Transactions will be regulated with reference to and shall be carried out in accordance with requirements applicable to listed companies under Chapter 14A of the Listing Rules (modified as appropriate pursuant to the REIT Code) to the extent appropriate and practicable.

31.2 All transactions carried out by or on behalf of the Trust by the Manager or the Trustee shall be:

- (a) carried out at arm’s length and on normal commercial terms;
- (b) valued, in relation to a property transaction, by an Approved Valuer;
- (c) consistent with the investment objective and strategy of the Trust as set out in clause 19;
- (d) on terms that are fair and reasonable and in the best interests of the Holders;
and
- (e) properly disclosed to the Holders.”

42. Clause 32.1(c) of the Trust Deed be amended as follows:

“(c) On retirement (and on any removal pursuant to clause 32.2), the Trustee shall vest the Deposited Property in the new trustee, and give the new trustee all books, documents, records and any other property held by or on behalf of the Trustee relating to the Trust (other than all books, documents, records and other property held by the Manager and the Special Purpose Vehicles and/or joint venture entities if any). All costs and expenses incurred in vesting the Deposited Property in any new Trustee shall be borne out of the Deposited Property by the Trust.”

43. Clause 36.1(a)(i) of the Trust Deed be amended as follows:

“(i) does not materially prejudice the interests of the Holders, does not operate to release to any material extent the Trustee or the Manager from any ~~responsibility~~ liability to the Holders and does not increase the costs and charges payable from the ~~Trust~~ Deposited Property;”

44. Paragraphs (b) and (f) of Schedule 4 to the Trust Deed be amended as follows:

“(b) fees and expenses of each of the Auditors and the auditors of the Special Purpose Vehicles and/or joint venture entities;

...

(f) expenses in relation to the establishment of the Trust and Special Purpose Vehicle and/or joint venture entity (which expenses may be amortised by being written off against the Trust such period determined by the Manager, and provided that: ...”

NOTICE OF EXTRAORDINARY GENERAL MEETING



越秀房地產投資信託基金

YUEXIU 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: 00405)

Managed by



越秀房託資產管理有限公司

YUEXIU REIT ASSET MANAGEMENT LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Unitholders (“**Unitholders**”) of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”) will be held at Plaza 1-4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 27 May 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the resolutions below as special resolutions.

Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meaning as that defined in the circular to Unitholders dated 27 April 2021 (the “**Circular**”).

SPECIAL RESOLUTIONS

1. THAT

- (a) Pursuant to clause 19.2(e) of the Trust Deed, approval (where relevant, shall include approval by way of ratification) be and is hereby given for the proposed Geographical Scope Amendments as more fully described in Appendix I to the Circular; and
- (b) authorisation be granted to the Manager, any director of the Manager, the Trustee and any authorised signatory of the Trustee to complete and to do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee or such authorised signatory of the Trustee, as the case may be, may consider expedient or necessary or in the interest of Yuexiu REIT to give effect to all matters in relation to the proposed Geographical Scope Amendments of this resolution no. 1.

(Special Resolution no. 1)

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. **THAT**

- (a) Pursuant to clause 19.2(e) of the Trust Deed, approval (where relevant, shall include approval by way of ratification) be and is hereby given for the proposed Property Development Amendments as more fully described in Appendix II to the Circular; and
- (b) authorisation be granted to the Manager, any director of the Manager, the Trustee and any authorised signatory of the Trustee to complete and to do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee or such authorised signatory of the Trustee, as the case may be, may consider expedient or necessary or in the interest of Yuexiu REIT to give effect to all matters in relation to the proposed Property Development Amendments of this resolution no. 2.

(Special Resolution no. 2)

3. **THAT**

- (a) Pursuant to clause 19.2(e) of the Trust Deed, approval (where relevant, shall include approval by way of ratification) be and is hereby given for the proposed Relevant Investments Amendments as more fully described in Appendix III to the Circular; and
- (b) authorisation be granted to the Manager, any director of the Manager, the Trustee and any authorised signatory of the Trustee to complete and to do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee or such authorised signatory of the Trustee, as the case may be, may consider expedient or necessary or in the interest of Yuexiu REIT to give effect to all matters in relation to the proposed Relevant Investments Amendments of this resolution no. 3.

(Special Resolution no. 3)

Yours faithfully,

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, 27 April 2021

Registered Office:

17B, Yue Xiu Building

160 Lockhart Road

Wanchai, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (a) A Holder is entitled to attend and vote at the extraordinary general meeting and is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. The person appointed to act as a proxy need not be a Holder.
- (b) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting in person should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
- (c) Where there are joint registered Unitholders of a unit, any one of such Unitholders may vote at the meeting either personally or by proxy in respect of such unit as if he/she were solely entitled thereto, but if more than one of such Unitholders is present at the meeting personally or by proxy, that one of such Unitholders so present whose name stands first on the register of Unitholders of Yuexiu REIT in respect of such unit shall alone be entitled to vote in respect thereof.
- (d) In order to determine which Unitholders will qualify to attend and vote at the extraordinary general Meeting, the register of Unitholders of Yuexiu REIT will be closed from 24 May 2021 to 27 May 2021, both days inclusive, during which period no transfer of units will be registered. For those Unitholders who are not on the Register of Unitholders, in order to be qualified to attend and vote at the extraordinary general meeting of Yuexiu REIT, all unit certificates accompanied by the duly completed transfer forms must be lodged with the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 21 May 2021.
- (e) In view of the coronavirus disease 2019 and recent recommendations for prevention and control of its spread, the Manager will implement certain precautionary measures at the extraordinary general meeting of Yuexiu REIT to protect attending Unitholders, staff and other persons from the risk of infection. For further details, please refer to the circular of Yuexiu REIT dated 27 April 2021.

As at the date of this notice, the board of Directors of the Manager is comprised as follows:

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*