An investment in the Units involves significant risks, including specific risks relating to overseas property investments. Prospective investors should consider carefully, together with all other information contained in this Offering Circular, the risk factors described below before deciding to invest in the Units.

The key objective of GZI REIT is to provide investors with stable distributions per Units with the potential for sustainable long term growth of such distributions. Accordingly, investors should not expect to obtain short term capital gains.

Investors should be aware that the price of units in a collective investment scheme, and the income from them, may rise or fall. Investors should note that they may not get back their original investments and that they may not receive any distributions.

Before deciding to invest in the Units, prospective investors should seek professional advice from their relevant advisers regarding their prospective investment in the context of their particular circumstances.

Risks Relating to GZI REIT's Organisation and Operations

Neither GZI REIT nor the Manager, as newly established entities, has an established operating history for investors to rely on in making an investment decision.

The Manager was incorporated on 3 October 2005 and GZI REIT was established on 7 December 2005. While GZI previously owned and managed the Properties through various subsidiaries, GZI REIT only acquired the BVI Company Shares on 7 December 2005. As such, neither GZI REIT nor the Manager has a substantial operating history by which their past performance may be judged. This will make it more difficult for investors to assess their likely future performance. There can be no assurance that GZI REIT will be able to generate sufficient revenue from operations to make distributions to Unitholders or that such distributions will be in line with those set out in the section headed "Profit Forecast" in this Offering Circular.

The REIT Code has a limited history and the application and interpretation of its provisions may be uncertain.

The SFC is empowered under section 104(1) of the SFO to authorise collective investment schemes, subject to such conditions as it considers appropriate. The REIT Code, to which GZI REIT is subject, was published by the SFC in August 2003 and revised in June 2005. The REIT Code does not have the force of law and, due to its limited history, there may be uncertainties in relation to the interpretation and manner of enforcement of the provisions set out therein. The SFC may, after public consultation, amend the provisions set out in the REIT Code. The SFC reserves the right to review its authorisation of GZI REIT and may amend the conditions of such authorisation or withdraw such authorisation as it considers appropriate. Furthermore, no assurance can be given that future legislation, administrative rulings, court decisions or changes to the REIT Code will not adversely affect the financial condition and results of operations of GZI REIT or an investment by a Unitholder.

The Manager's operations are subject to regulation and its licensing conditions.

The Manager is required to be licensed under the SFO for the regulated activity of asset management. Although the Manager believes that it will be operated and managed in a manner so as to remain licensed, no guarantee can be given that it will be able to operate and manage itself in such a manner so as to remain licensed. For example, the departure of a Responsible Officer of the Manager may result in the loss of the Manager's licence to act as the manager of GZI REIT. In the event that the Manager ceases to be licensed under the SFO, GZI REIT may need to appoint another management company, which may materially and adversely affect the financial condition and results of operations of GZI REIT. In the event no other management company duly qualified under the REIT Code and acceptable to the SFC is willing to take the place of the existing Manager within 60 Business Days of the removal or retirement of the Manager (or such longer period as the Trustee considers appropriate), the Trustee may terminate GZI REIT.

The Manager may not be able to achieve its objectives.

The Manager's key objective for GZI REIT is to provide Unitholders with stable distributions per Unit with the potential for sustainable long term growth of such distributions. While the Manager has established clear plans and specific strategies to accomplish this objective, it would be difficult to offer any assurance that it will be able to implement successfully such plans or that it will be able to do so in a timely and cost effective manner. Some of the cost efficiencies and revenue enhancements that the Manager aims to achieve from such changes may therefore not be realisable within the expected time frame, if at all.

In respect of the Manager's investment strategy of growing GZI REIT's portfolio of properties initially in Guangdong province, there can be no assurance that the Manager will be able to implement this strategy successfully or that it will be able to expand GZI REIT's portfolio at any specified rate, to any specified size or at all. GZI REIT may also be unable to make investments or acquisitions on favourable terms in a desired time frame. Although GZI has granted to GZI REIT a right of first refusal (subject to earlier termination in certain circumstances), conditional on listing of the Units on the Hong Kong Stock Exchange and subject to certain other conditions, to acquire certain properties in Guangzhou (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — Deed of Right of First Refusal" in this Offering Circular), there is no certainty that a property offered to GZI REIT under this right of first refusal will eventually be acquired by GZI REIT because, for example, the results of the Manager's due diligence on the property may be unsatisfactory. Moreover, this right of first refusal will terminate five years after the Listing Date, or earlier if the Units cease to be listed on the Hong Kong Stock Exchange or the entity which is the Manager of GZI REIT ceases to be a subsidiary of any member of the GZI Group or Yue Xiu and its subsidiaries.

GZI REIT will primarily rely on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all. Even if GZI REIT were able to complete additional property investments successfully, there can be no assurance that GZI REIT will achieve its intended return on such investments. Since the amount of debt GZI REIT can incur to finance acquisitions is limited, such acquisitions will be dependent on GZI REIT's ability to raise equity capital, which may result in a dilution of Unitholders' holdings. Potential vendors may also view negatively the timing and uncertainty of any proposal to raise equity capital to fund any such purchase and may prefer other potential purchasers. Furthermore, there may be significant competition for attractive investment opportunities from other property investors, including commercial property development companies and private investment funds. There can be no assurance that GZI REIT will be able to compete effectively against such entities.

In relation to the Manager's aim of achieving an optimal capital structure for GZI REIT, its ability to do so will depend upon, among other things, whether GZI REIT will be subject to financial covenants under existing borrowings and other limitations on effecting further desired borrowings, whether GZI REIT will be able to raise any additional equity funding and whether such fund raising exercises can be effected on favourable terms.

Moreover, GZI REIT's structure, strategies and investment policies are constrained by the REIT Code which, for instance, limits GZI REIT's borrowings to no more than 45.0% of its total gross asset value and requires GZI REIT to distribute to Unitholders as distributions an amount no less than 90.0% of its audited net income after tax for each Financial Year. Such restrictions may affect the operations of GZI REIT and restrict its ability to achieve its strategies in a timely manner or at all.

If the Manager is unsuccessful in implementing its strategies, GZI REIT's business, financial condition and results of operations could be materially and adversely affected, the price of Units could decrease and distributions could be constrained.

There are limitations on GZI REIT's ability to leverage.

GZI REIT is expected to use leverage in connection with its investments. Borrowings by GZI REIT are limited by the REIT Code to no more than 45.0% of its total gross asset value. There can be no assurance that GZI REIT's borrowings will not exceed 45.0% of its gross asset value following any revaluation of its assets and/or liabilities. From time to time GZI REIT may need to draw down on its banking facilities and use overdrafts but may be unable to do so due to the 45.0% borrowing limit. GZI REIT may also face difficulties in securing timely and commercially favourable financing in asset-backed lending transactions secured by real estate.

In addition, the use of leverage may increase the exposure of GZI REIT to adverse economic factors such as rising interest rates and economic downturns. Generally, GZI REIT is subject to general risks associated with debt financing, including the risk of: (i) there being insufficient cash flow to meet loan repayments; and (ii) not being able to maintain debts at optimum levels in the future due to the lack of capacity in the lending market.

GZI REIT faces risks associated with debt financing.

On the Listing Date, GZI REIT is expected to have aggregate external borrowings of US$165.0 million (HK$1,287.0 million), or approximately 32.1% of the Appraised Value of the Properties. The Loan Facility will be secured on, among other things, the Properties and the BVI Company Shares (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — Facility Agreement" in this Offering Circular). GZI REIT may, from time to time, require additional debt financing to achieve the Manager's investment strategies.

GZI REIT will be subject to risks normally associated with debt financing, including the risk that its cash flow may be insufficient to meet required payments of principal and interest under such financing at expected levels and to make distributions. If payments due under the Loan Facility cannot be made, the Lending Banks may declare a default and enforce any security provided in respect of such borrowings. Also, if certain financial covenants under the Facility Agreement are breached, the Lending Banks may declare an event of default, demand the immediate repayment of all outstanding loans and other sums under the Facility Agreement and enforce the security provided in respect of the Loan Facility. (See the section headed "Material Agreements and Other Documents Relating to GZI REIT — Facility Agreement" in this Offering Circular.)

GZI REIT will also be subject to the risk that it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of the existing borrowings. In addition, GZI REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect the operations of the BVI Companies. Such covenants may restrict GZI REIT's ability to acquire properties, to declare distributions or to pay distributions (even where distributions have previously been declared, in which case such distributions shall be accrued), or the ability of Partat, Moon King, Full Estates and Keen Ocean to undertake capital expenditures, or may require them to set aside funds for maintenance or repayment of security deposits. Further, there is the risk of movements in short term interest rates adversely affecting floating rate borrowings by GZI REIT. There is also the risk that movements in the US dollar/Renminbi exchange rate may adversely affect repayments of US dollar borrowings by GZI REIT. As at the Listing Date, 100.0% of GZI REIT's borrowings will be denominated in US dollars.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions such as new equity capital, GZI REIT will not be able to pay distributions at expected levels or to repay all maturing debt. Further, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting GZI REIT's cash flow and the amount of funds available for distribution to Unitholders.

If a property is mortgaged to secure payment of GZI REIT's indebtedness and interest or principal payments cannot be met, that property could be foreclosed by the lender or the lender could require a forced sale of the mortgaged property, which could have a material adverse effect on GZI REIT's business and financial conditions and results of operations.

The Manager may change GZI REIT's investment strategies.

While the Manager has stated its intention to restrict GZI REIT's investments to office, retail and other commercial property initially in Guangdong province, subject to the requirements of the REIT Code, the Trust Deed, the Listing Agreement and applicable law, the Manager has absolute discretion to determine the investment strategy of GZI REIT (although the investment objectives and policy may only be changed with Unitholders' approval by Special Resolution). Furthermore, as with other investment decisions, there are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

GZI REIT depends on certain key personnel of the Manager, and the loss of any such key personnel may adversely affect its business and financial conditions and results of operations.

GZI REIT's success depends, in part, upon the continued service and performance of the Manager's senior management team and certain other key personnel, including the Responsible Officers of the Manager (currently, Mr Liang Ning Guang, Mr Liu Yong Jie and Mr Lau Jin Tin, Don). These individuals may leave the Manager in the future and compete with GZI REIT. The loss of any of these individuals could have a material adverse effect on GZI REIT's business and financial conditions and results of operations.

GZI REIT relies on Yicheng and White Horse Property Management Company to provide property management, leasing, marketing and tenancy management services.

Yicheng and White Horse Property Management Company provide property management, leasing, marketing and tenancy management services in respect of the Properties. Yicheng and White Horse Property Management Company may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus affecting the condition and performance of the Properties or resulting in additional costs for GZI REIT. If GZI REIT loses the services provided by Yicheng and White Horse Property Management Company, it may not be able to secure such services from other service providers on comparable terms, or at all. If GZI REIT fails to secure services of a comparable quality, its financial condition and results of operations will be adversely affected.

Competition with GZI relating to property acquisitions and tenants.

GZI, its subsidiaries and associates are engaged in, among other things, investment in, and the development and management of, commercial properties. As a result, there may be circumstances where GZI REIT competes directly with GZI and/or its subsidiaries or associates for property acquisitions and tenants. Moreover, GZI may in the future invest in other real estate investment trusts which may compete directly with GZI REIT. Although GZI has initiated internal restructuring arrangements which will result in the leasing and marketing of GZI's properties and GZI REIT's properties being handled by different companies within the GZI Group, there can be no assurance that the interests of GZI REIT will not conflict with or be subordinated to those of GZI in such circumstances.

GZI REIT will be more reliant on some of the Properties for a substantial portion of Rental Income and a decline in the contribution such Properties make to Rental Income will adversely affect GZI REIT.

While GZI REIT's initial portfolio will comprise four properties, it will initially be dependent on the White Horse Units for a substantial portion of its Rental Income. For the six months ended 30 June 2005, the White Horse Units accounted for approximately 60.1% of Gross Turnover (before accelerated amortisation of deferred assets) generated by the Properties (see Appendix I to this Offering Circular); for the Forecast Year 2006, the White Horse Units will account for approximately 66.6% of GZI REIT's Rental Income (see the section headed "Profit Forecast" in this Offering Circular).

Various factors, such as physical damage resulting from fire or other causes, a downturn in the garment wholesale industry or the loss of a significant number of tenants, may cause a significant disruption to the business and operations of the White Horse Units. In the event such disruption occurs at the White Horse Units and the resulting losses are not compensated or fully compensated by insurance proceeds (see the risk factor headed "GZI REIT may suffer material losses in excess of insurance proceeds" below), its contributions to GZI REIT's Rental Income will be reduced and this will have an adverse effect on GZI REIT's business and financial conditions and results of operations.

The high concentration of lease expiries in the White Horse Units exposes GZI REIT to a higher risk of vacancy following non-renewal, non-replacement or early termination of leases.

1,307 of the 1,311 current leases in the White Horse Units will terminate on 31 December 2005. These leases account for 99.9% of the total base rent of the White Horse Units for September 2005. 1,246 (95.3%) of these expiring leases have been renewed and 47.1% of the new leases will terminate on 31 December 2009 while the rest will terminate on 31 December 2010.

The typical tenancy agreement for the White Horse Units provides that if a tenant wishes to terminate its lease before the expiry of the lease term, the tenant must submit a written application to the landlord at least one month prior to the proposed termination date, and obtain the consent of the landlord for such termination. Such consent had, in the past, been granted on a case by case basis, particularly if the tenant was able to procure a replacement tenant to enter into a new lease for the same premises on the same terms and conditions (save that the duration of the new lease would be for the unexpired term of the original lease). In such cases, the departing tenant had to pay an administrative fee equivalent to 1.5 month's rent. If the landlord does not consent to such early termination, the parties will resolve the issue by discussion. In the event that the landlord continues to withhold consent after such discussion and the tenant still departs, all or a portion of its security deposit will be forfeited without interest in accordance with the terms of the lease and the landlord retains a legal right to require settlement of all unpaid amounts. There is no assurance that any such unpaid amounts can be fully recovered or at all.

The high concentration of lease expiries in the White Horse Units exposes GZI REIT to certain risks, including a higher risk of vacancies following non-renewal, non-replacement or early termination of leases, which may lead to reduced occupancy levels and, in turn, reduce GZI REIT's Rental Income. If a large number of tenants in the White Horse Units do not renew their leases at the end of a lease cycle or a significant number of early terminations occur, and replacement tenants cannot be found, there is likely to be a material adverse effect on the White Horse Units, which could affect GZI REIT's business and financial conditions and results of operations (see the section headed "The Properties and Business — White Horse Units — Expiries and Renewals" in the Offering Circular for further information about tenancy renewal rates in the White Horse Units).

The sharp increase in rental rates for the leases in the White Horse Units commencing on 1 January 2006 may not be replicated in future.

1,246 of the 1,307 leases in the White Horse Units which are expiring on 31 December 2005 have been renewed at rental rates which are on average 50.0% to 100.0% higher than the rental rates of the expiring leases. These increases were primarily attributable to the fact that, with 99.7% of the leases in the White Horse Units expiring on 31 December 2005, the Manager took the opportunity to bring the existing rental rates to the market level. There is no assurance that future renewals of such leases can achieve similar increases in rental rates.

GZI REIT is dependent on the performance of its tenants and its ability to make distributions may be adversely affected by the loss of its tenants or a downturn in the business of its tenants.

GZI REIT is dependent to a significant degree on a limited number of tenants. For example, the ten largest tenants in the Properties in terms of monthly base rent for September 2005 accounted for 19.6% of the monthly base rent of the Properties for September 2005. GZI REIT's financial condition, results of operations and ability to make distributions may be adversely affected by the insolvency or downturn in the business of tenants whose rents make up a material proportion of the operating income of the Properties, including the decision by such tenants not to renew their leases or to terminate their leases before they expire (see the section headed "The Properties and Business — Tenancy Agreements" in this Offering Circular). In the event of defaults by tenants whose rents make up a material proportion of the operating income of the Properties, the BVI Companies are likely to experience costs in enforcing their rights as lessor. Generally, upon any failure by a tenant to pay rent, a lessor may bring an action against such tenant at the People's Court in the PRC. Only in the event that the tenant fails to pay its rent for a total of six months, does the lessor have the right to terminate the tenancy agreement and repossess the property even though PRC law only permits lessors to demand a security deposit of not more than three months. Upon such termination, if the tenant refuses to pay rents or vacate the property, the lessor may apply to the court to enforce the civil judgement obtained. Also, if tenants in the Properties renew their leases but reduce their leased space, there could be a material adverse effect on the business and financial conditions and results of operations of GZI REIT.

GZI REIT may not be able to pass certain critical decisions in the owners' committees of Fortune Plaza and City Development Plaza.

The Fortune Plaza Units represent 50.2% of the total Gross Floor Area in respect of Fortune Plaza. The City Development Plaza Units represent 57.3% of the total Gross Floor Area in respect of City Development Plaza.

GCCD holds certain other portions of Fortune Plaza and City Development Plaza that do not generate significant levels of rental or other income, or are used for GCCD's own purposes. These portions have not been injected into GZI REIT (see the sections headed "The Properties and Business — The Properties" in this Offering Circular). However, GCCD has irrevocably granted Moon King and Full Estates the right to attend meetings of the owners' committees of, respectively, Fortune Plaza and City Development Plaza on its behalf and to exercise its voting rights at such meetings in any manner deemed fit by Moon King or, as the case may be, Full Estates. GCCD has also undertaken to Moon King and Full Estates that, if it transfers its portions of Fortune Plaza or City Development Plaza to a third party, on the basis that there is no material prejudice to the lawful rights and interests of GCCD, it shall use its best endeavours to secure an undertaking from the transferee in favour of Moon King or, as the case may be, Full Estates on similar terms. With these rights, Moon King will be able to exercise voting rights in respect of approximately 65.1% of the Gross Floor Area of Fortune Plaza and Full Estates will be able to exercise voting rights in respect of approximately 74.1% of the Gross Floor Area of City Development Plaza.

Notwithstanding the foregoing, there is no assurance that GCCD will be able to secure a similar undertaking from the person to whom it may sell its portion of Fortune Plaza. In any case, GZI REIT may not be able to pass certain critical decisions in meetings of the owners' committee of Fortune Plaza where such decisions require the consent of the owners of at least two-thirds of the Gross Floor Area of the building, e.g. GZI REIT may not be able to terminate the services of Fortune Plaza's property manager even if the property manager is not performing at the expected level if the other owners of the building decide against such termination.

Although, with the attendance and voting rights granted by GCCD to Full Estates as described above, GZI REIT will be able to exercise more than two-thirds of the voting rights in the owners' committee of City Development Plaza, there is no assurance that GCCD will be able to secure a similar undertaking from the person to whom it may sell its portion of City Development Plaza. In such circumstances, Full Estates will lose its ability to carry decisions which require the consent of owners of at least two-thirds of the Gross Floor Area of City Development Plaza.

GZI REIT will be unable to carry any decisions in the owners' committee of Victory Plaza.

The Victory Plaza Units will represent approximately 19.5% of the total Gross Floor Area in respect of Victory Plaza when the two office tower blocks are completed. Such completion is currently expected to take place in 2007.

Although GCCD (as the developer of Victory Plaza) has agreed that Keen Ocean shall have (i) the exclusive right to use, and to enjoy all proceeds (comprising mainly advertising income) arising from the use of, the common area within the podium as well as the internal and external walls of the podium; and (ii) the exclusive right to decide on all other operational matters relating only to the podium, Keen Ocean will itself be unable to carry any decisions in the owners' committee of Victory Plaza where such decisions relate to the building as a whole.

The full rate of withholding tax of 20.0% for foreign enterprises may be applied and/or the BVI Companies could be deemed as having permanent establishments in the PRC and be subject to income tax in the PRC based on their deemed profits, either of which could have a material adverse effect on GZI REIT's income.

GZI REIT will primarily rely on dividend payments from the BVI Companies for its income. Each of the BVI Companies is currently charged a concessionary rate of 10.0% of its gross Rental Income (with no deductions for expenses or allowances except for business tax). The full rate of withholding tax (20.0%) for these BVI Companies may be applied instead of the current concessionary rate of 10.0%.

Further, each of the BVI Companies is currently treated as not having a permanent establishment in the PRC in respect of its property leasing activities. If the BVI Companies are subsequently deemed as having permanent establishments in the PRC, they may be subject to income tax in the PRC at the rate of 33.0% of their deemed profits (which may, at the determination of the relevant tax authority, range between 20.0% and 40.0% of their gross Rental Income).

Should any of these events occur, the level of after-tax profit or surplus of each of the BVI Companies available for distribution (by way of dividend payment) could be reduced substantially. There can be no assurance that the profits tax rate or the rate of withholding tax in the PRC will not change in a manner which may adversely affect GZI REIT's income.

A sale by the BVI Companies of the Properties held by them will be subject to land appreciation tax and income tax.

If, in the future, any of the BVI Companies sells the Property which it holds at a price which is higher than the book value of such Property, the relevant BVI Company will be liable in the PRC for land appreciation tax and income tax in respect of the difference between the sale price of the relevant Property and its book value (see the section headed "Taxation" in this Offering Circular for further information about such taxes).

Risks Relating to Investing in Real Estate

There are general risks attached to investments in real estate.

Investments in real estate are subject to various risks, including: (i) adverse changes in national or economic conditions; (ii) adverse local market conditions; (iii) the financial conditions of tenants as well as buyers and sellers of properties; (iv) changes in availability of debt financing; (v) changes in interest rates and other operating expenses; (vi) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies; (vii) environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems, which are located on contaminated properties or as to which inadequate reserves had been established; (viii) changes in energy prices; (ix) changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market; (x) competition among property owners for tenants; (xi) insufficiency of insurance coverage; (xii) inability of the Manager to provide or procure the provision of adequate maintenance and other services; (xiii) illiquidity of real estate investments; (xiv) considerable dependence on cash flow for the maintenance of, and improvements to, the portfolio properties; (xv) risks and operating problems arising out of the presence of certain construction materials; (xvi) disruptions caused by municipal construction projects in the vicinity of such real estate; and (xvii) acts of God, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rent schedules or operating expenses, causing a negative effect on the value, rental rates and occupancy rates of property and income derived from property. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of GZI REIT's properties may be significantly diminished in the event of a sudden downturn in property prices or the economy in the cities or provinces where such properties are located.

Income from, and expenditures in relation to, the Properties may not be as expected, which may adversely affect the financial condition of GZI REIT.

Income from the Properties may be adversely affected by the general economic climate, local conditions such as over-supply of properties or reduction in demand for properties in the market in which GZI REIT operates, the attractiveness of GZI REIT's properties to tenants, management style, competition from other available properties, untimely collection of rent, changes in laws and increased operating costs and expenses. In addition, income from real estate may be affected by such factors as the cost of regulatory compliance, interest rate levels and the availability of financing. GZI REIT's income would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented out on favourable terms.

If the Properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditure, GZI REIT's ability to make distributions will be adversely affected. In terms of expenditure, capital expenditure and other expenses may be irregular since continuing repairs and maintenance involve significant, and potentially unpredictable, expenditure. Both the amount and timing of expenditure will have an impact on the cash flow of GZI REIT. Physical defects relating to the Properties may thus have an adverse effect on the financial condition of GZI REIT. Increases in certain significant expenditures associated with investments in real estate (such as insurance costs and operating and maintenance costs) may cause a reduction in income from a property, which could have an adverse effect on the financial condition and results of operations of GZI REIT.

GZI REIT may be adversely affected by the illiquidity of real estate investments.

Real estate investments are relatively illiquid. Further, in accordance with the REIT Code, GZI REIT is prohibited from disposing of its properties for at least two years from the time they are acquired unless Unitholders have passed a Special Resolution consenting to the proposed divestment. Such illiquidity may affect GZI REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, financial, real estate market or other conditions. Also, the eventual liquidity of all investments of GZI REIT will be dependent upon the success of the realisation strategy proposed for each investment, which could be adversely affected by a variety of factors. For instance, GZI REIT may be unable to liquidate its assets on short notice, or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets to ensure a quick sale. These factors could have an adverse effect on GZI REIT's financial condition and results of operations.

GZI REIT may suffer material losses in excess of insurance proceeds.

The Properties could suffer physical damage caused by fire or other causes, and GZI REIT, Holdco or the BVI Companies may suffer public liability claims, resulting in losses (including loss of rent) which may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk, risk of nuclear contamination, risk of terrorist attacks, risks of earthquakes, risks of epidemics and acts of God) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, GZI REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. GZI REIT would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

The Properties or parts thereof may be acquired compulsorily.

The PRC Government has the power to acquire compulsorily any land in the PRC pursuant to the provisions of applicable legislation. In the event of any compulsory acquisition of property in the PRC, the amount of compensation to be awarded is based on the open market value of a property and is assessed on the basis prescribed in the relevant law. If any of the Properties were acquired compulsorily by the PRC Government, the level of compensation paid to GZI REIT pursuant to this basis of calculation may be less than the price which GZI REIT paid for such Properties.

The Properties are all located in Guangzhou, which exposes GZI REIT to economic and property market conditions in Guangzhou and the PRC as a whole, as well as to economic measures implemented by the PRC Government to prevent overheating of the PRC property market.

The Properties are all situated in Guangzhou, which exposes GZI REIT to the risk of a downturn in economic and property market conditions in Guangzhou and the PRC as a whole. The value of the Properties may be adversely affected by a number of local property market conditions, such as oversupply, the performance of other competing commercial properties or reduced demand for commercial space.

GZI REIT's business and financial conditions and results of operations also depend, to a large extent, on the performance of the economy of Guangzhou and of the PRC as a whole. An economic downturn or a downturn in the property market in Guangzhou and/or the PRC as a whole could adversely affect GZI REIT. Recent measures introduced by the PRC Government to prevent overheating of the PRC property market (such as a tax on all properties sold within two years of being purchased and occupied, limiting monthly mortgage payments to 50.0% of an individual borrower's monthly income and limiting all debt service payments of an individual borrower to 55.0% of his monthly income) could significantly depress the property market and, consequently, affect GZI REIT in the manner aforesaid.

There are also numerous shopping centres, office buildings and other types of commercial properties in Guangzhou, including properties owned by GZI, as well as those portions of White Horse Building, Fortune Plaza, City Development Plaza and Victory Plaza which are not owned by GZI REIT that compete with the Properties in attracting tenants and cause downward pressure on rental rates (see the section headed "The Properties and Business — Competition" of this Offering Circular). In January 2003, the Guangzhou Municipal People's Government announced the "Review of Planning of Pearl River New City", in which Pearl River New City in the Tian He District was positioned as the core area for future urban development within Guangzhou. The review highlighted a new urban development scheme for the CBD of Guangzhou, namely the "Guangzhou Central Business District of the 21st Century". The main focus of this development scheme will be centred around the core area of Tian He District (i.e. the Tian He Sports Stadium area) and Pearl River New City.

Since 2001, with the improved economic environment in Guangzhou, a significant number of commercial projects are underway and land transactions are increasing. According to the city's urban authority, the current land released in Pearl River New City could potentially provide substantial office space exceeding 5.0 million sq.m. to be developed in phases spanning up to fifteen years.

According to the "Independent Market Research Report in Relation to the Guangzhou Commercial Property Market" in Appendix VIII to this Offering Circular, there is a wave of new Grade A office development projects in the pipeline, totalling approximately 1.6 million sq.m., to be released between 2005 and 2009. This compares with a total of only 1.1 million sq.m. of office space completed in the past decade. Excluded from the figure for development projects in the pipeline are a few development schemes that are currently on hold (e.g. due to financial difficulties); resurrection of these projects may potentially add another 0.3 million sq.m. to the pipeline. An estimated 88.0% of the total new supply will be located in the Tian He District. Although this is a large amount of space to be released onto the district in the next few years, 70.0% of the new space will be in the Pearl River New City area of the Tian He District.

If, after the Global Offering, competing properties of a similar type are built in the areas where the Properties are located or similar properties in their vicinities are substantially upgraded and refurbished, the Rental Income from the Properties could be reduced, thereby adversely affecting GZI REIT's cash flow and the amount of funds available for distribution to Unitholders.

The PRC property market is volatile.

GZI REIT is subject to property market conditions in the PRC generally and Guangzhou in particular. Although there is a perception that economic growth in the PRC and the higher standard of living resulting from such growth will lead to a greater demand for commercial properties in the PRC, it is not possible to predict with certainty that such a correlation exists as many social, economic and other factors may affect the development of the property market.

The PRC property market is volatile and may experience oversupply and property price fluctuations. The central and local governments adjust monetary and other economic policies from time to time to prevent and curtail the overheating of the PRC and local economies, and such economic adjustments may affect the property market in Guangzhou and other parts of the PRC. The central and local governments also make policy adjustments and adopt new regulatory measures from time to time in a direct effort to control the over-development of the property market in the PRC. Such policies may lead to changes in market conditions, including price instability and imbalance of supply and demand, which may materially and adversely affect the business and financial conditions and the results of operations of GZI REIT. Moreover, there is no assurance that there will not be over-development in the property sector in the PRC in the future. Any future over-development in the property sector in the PRC may result in an oversupply of properties, including commercial properties, and a fall of property prices as well as rental rates, which could adversely affect the business and financial conditions and the results of operations of GZI REIT.

The valuation analysis may prove to be unrepresentative of an investment in GZI REIT.

The Independent Property Valuer adopted the income capitalisation approach, including discounted cash flow analysis, in valuing the Properties. These values were cross checked with available market comparables using the sales comparison approach.

The discounted cash flow method is based on assumed cash flows from a particular property over a certain holding period of time that comprise the periodic net operating income (estimated as gross income less operating expenses and other outgoings) during the holding period and the terminal value of such property as of the end of the holding period. The capitalisation method assumes a stable or normalised level of net operating income from a particular property and discounts the income with an expected rate of return or capitalisation rate.

The valuation is dependent on, among other things, expenditure forecasts based on building surveys. (See Appendix VII to this Offering Circular and the risk factor headed “The due diligence exercise on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies” below.)

While these forms of analysis allow investors to make an assessment of the long term return that is likely to be derived from the Properties through a combination of both rental and capital growth, there can be no assurance that the projected cash flows, the hypothetical terminal value of the Properties or any of the other assumptions which have been used for the purposes of the valuation will prove to be accurate or reliable, or that the discount rates adopted by the Independent Property Valuer will be representative of returns from comparable or alternative forms of investment over the period or periods concerned. Accordingly, the Appraised Value of any of the Properties is not an indication of, and does not guarantee, that a Property could be sold by GZI REIT at that price currently or in the future. The price at which GZI REIT may sell a Property (if at all) may be lower than the purchase price of such Property to be paid by GZI REIT.

The due diligence exercise on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies.

The Independent Property Valuer had conducted a due diligence exercise on the physical condition of the Properties (see Appendix VII to this Offering Circular). The building defects which had been identified were either rectified or factored into the purchase price which GZI REIT paid for the BVI Company Shares under the Reorganisation Deed (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — Reorganisation Deed" of this Offering Circular).

Nevertheless, the due diligence process with respect to the structural condition of the Properties has been limited as described in the results of the building survey report set out in Appendix VII to this Offering Circular. For example, the Independent Property Valuer only carried out an inspection of 20.0% of each of the Properties and did not perform any kind of tests on building fabrics and building services systems. The Independent Property Valuer also did not inspect areas which were inaccessible or covered up. There can be no assurance that such reviews, surveys or inspections have revealed all defects or deficiencies affecting the portfolio of Properties. In particular, there can be no assurance as to the absence of: (i) latent or undiscovered defects or deficiencies; or (ii) inaccuracies or deficiencies in such review, survey or inspection reports, any of which could have a material adverse impact on the operations of the Properties as well as GZI REIT's financial condition and results of operations.

The risk of undisclosed defects, breaches and deficiencies is necessarily increased as a result of the time interval between completion of the review, survey and inspection process and the date of this Offering Circular.

Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow.

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties, other than those disclosed in this Offering Circular. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on GZI REIT's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any seller of real estate are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

Distributions to Unitholders will be subject to cash flow.

GZI REIT's initial investments are held through Holdco and the BVI Companies, and GZI REIT will rely, directly or indirectly, on dividend payments and other distributions from Holdco and the BVI Companies for its income and cash flows. In addition, substantially all of the assets of GZI REIT consist of its shareholdings in Holdco. In order to meet its payment obligations and to pay distributions to Unitholders, GZI REIT will rely on the receipt of direct dividends, distributions, interest or advances from Holdco and, indirectly, the BVI Companies. The ability of Holdco and the BVI Companies to make such payments may be restricted by, among other things, their respective business and financial positions, the availability of distributable profits, the availability of foreign currency, applicable laws and regulations which may restrict the payment of dividends by Holdco and the BVI Companies, or the terms of agreements to which they are, or may become, a party.

There can be no assurance that Holdco and the BVI Companies will have sufficient distributable or realised profits or surplus in any future period to pay dividends, make distributions, pay interest, or make advances. The level of profit or surplus of Holdco and each BVI Company available for distribution may be affected by a number of factors including:

- operating losses incurred by the company in any Financial Year; and

- changes in accounting standards (including standards in respect of depreciation policies), taxation laws and regulations, laws and regulation in respect of foreign exchange repatriation of funds, corporation laws and regulations relating thereto, in the PRC and/or Hong Kong and/or the BVI.

The occurrence of these or other factors that affect the ability of Holdco and the BVI Companies to pay dividends or other distributions would adversely affect the level of distributions paid to Unitholders.

Moreover, non-cash losses are not reversed from the income statement of GZI REIT when the Manager calculates GZI REIT's Total Distributable Income. As such, a downward revaluation of GZI REIT's properties could reduce or eliminate the distributions paid to Unitholders.

Fortune Plaza and Victory Plaza have limited operating histories.

Fortune Plaza and Victory Plaza have limited operating histories with their first tenancies having commenced in the second half of 2003. As at 30 September 2005, the Fortune Plaza Units had an occupancy level of 76.9% and the Victory Plaza Units had an occupancy level of 100.0%. For the six months ended 30 June 2005, the Fortune Plaza Units generated Gross Turnover of HK$13.3 million and the Victory Plaza Units generated Gross Turnover of HK$12.8 million.

Given their limited operating histories, there can be no assurance that the Fortune Plaza Units and the Victory Plaza Units will be able to maintain or improve on their past performance.

Risks Relating to the PRC

All of the Properties are located in the PRC. Accordingly, GZI REIT's results of operations, financial position and prospects are subject to a significant degree to the economic and other developments of the PRC.

The PRC's economic and other policies could affect GZI REIT's business.

The economy of the PRC differs from the economies of most developed countries in many respects, including:

- structure;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

For more than two decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the Manager believes these reforms will have a positive effect on its overall and long term development, it cannot predict whether changes in the PRC's economic and other policies will have any adverse effect on GZI REIT's current or future business and financial conditions and results of operations. For example, recent measures have been introduced by the PRC Government to prevent overheating of the PRC property market, including limiting the monthly mortgage payments to 50.0% of an individual borrower's monthly income and limiting all debt service payments of an individual borrower to 55.0% of his monthly income.

There is uncertainty about the quantum of land grant premium which GZI REIT will have to pay and additional conditions which may be imposed if the Manager decides to seek an extension of the land use rights for the Properties.

The Properties are held by the BVI Companies under land use rights granted by the PRC Government. These rights are for 40 or 50-year terms (see the section headed "The Properties and Business — Terms of Land Use Rights" in this Offering Circular for the commencement date of the land use rights for each of the Properties) and, upon the expiration of such terms, the land use right as well as the ownership of the Properties will revert to the PRC Government unless the land user applies for an extension of the term of the land use right. If such an application is granted, the land user will be required, among other things, to pay a land grant premium. As none of the land use rights granted by the PRC Government thus far has run its full term, there is no precedent to provide an indication of the quantum of land grant premium which GZI REIT will have to pay and additional conditions which may be imposed if the Manager decides to seek an extension of the land use rights for the Properties upon the expiry thereof.

Changes in foreign exchange regulations may adversely affect GZI REIT's results of operations.

The BVI Companies receive all their revenue in Renminbi, which will have to be converted to US dollars to make repayments under the Loan Facility and to Hong Kong dollars for payment as distributions to Unitholders. Conversion of Renminbi is subject to strict government regulation in the PRC. Under the existing foreign exchange regulations in the PRC and the approvals already obtained in respect of the BVI Companies, rental received by the BVI Companies may be converted into foreign currency without the requirement for further approval from SAFE by complying with certain procedural requirements, subject to payment of the relevant PRC taxes by the said entities. There is no assurance that the government policies regarding conversion of Renminbi into foreign currencies will continue in the future.

Fluctuations in the value of the Renminbi could adversely affect the value of distributions paid in respect of the Units in Hong Kong dollars and/or the ability of GZI REIT to make repayments under the Loan Facility.

The BVI Companies receive all their revenue in Renminbi, which will have to be translated to HK dollars for accounting purposes and converted (i) to US dollars to make repayments under the Loan Facility (although this risk has been hedged through US dollar/Renminbi non-deliverable swap facilities, see the section headed "Manager's Discussion and Analysis of Future Operations" in this Offering Circular) and (ii) to Hong Kong dollars for payment as distributions to Unitholders. The Government of the PRC introduced a limited floating currency system in July 2005 under which the Renminbi is pegged against a basket of currencies. The exchange rates between the Renminbi and each of the other currencies comprised in the basket may fluctuate to a significant extent and the Renminbi may also be revalued in the future. In addition, if the PRC converts to a fully floating currency system, the Renminbi may experience wide fluctuations as a result of market forces. Any decrease in the value of Renminbi may adversely affect accounting profit and will adversely affect the value of distributions paid in respect of Units in Hong Kong dollars and/or the ability of GZI REIT to make repayments under the Loan Facility.

Epidemic diseases in Asia and elsewhere may adversely affect GZI REIT's operations.

Several countries in Asia, including the PRC, and elsewhere have suffered from outbreaks of diseases like SARS and avian flu over the past few years. A new and prolonged outbreak of such diseases may have a material adverse effect on GZI REIT's business and financial conditions and results of operations. Although the long term effect of such diseases cannot currently be predicted, previous occurrences of SARS and avian flu had an adverse effect on the economies of those countries in which they were most prevalent. The occurrence of SARS in Guangdong province in 2003 was estimated by the Department of Statistics of Guangdong Province to have lowered the province's GDP by 1.2%. The outbreak also had an adverse impact on the business in the White Horse Units.

An outbreak of a communicable disease like SARS or avian flu in Guangzhou may affect GZI REIT in a number of ways, including, but not limited to, a decline in demand for consumer goods, a reduction in the number of visitors to the Properties, a decline in revenue of tenants of the Properties and increased costs of cleaning and maintaining the public facilities in the Properties. The impact of these factors on the operations of the Properties could materially and adversely affect the business and financial conditions and the results of operations of GZI REIT.

There is currently an outbreak of avian flu in various parts of the PRC and, as at the Latest Practicable Date, 11 fresh outbreaks of the disease have been reported in six provinces (Hubei, Xinjiang, Liaoning, Anhui, Hunan and Shanxi) and the Inner Mongolia autonomous region.

An irregular or inadequate supply of electricity may adversely affect GZI REIT's operations.

The Properties rely on a regular and adequate supply of electricity for their daily operations. Although there had been no incidences of inadequate supply of electricity which affected the operations of the Properties since their acquisition by GZI, there is no assurance that such situations will not occur in the future at any of the Properties or that the generators in White Horse Building will be able to supplement any future shortfall in electricity supply, either of which could materially and adversely affect the business and financial conditions and the results of operations of GZI REIT.

Interpretation of PRC laws and regulations involves uncertainty.

As the Properties are all located in the PRC, their operations are governed principally by laws and regulations in the PRC. The PRC legal system is based on written statutes and prior court decisions may only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive.

The land and real estate laws of the PRC, including laws relating to land title and building ownership regulations and laws applicable to landlords and tenants, are still under development and reform. In recent years, the Chinese People's Congress, the State Council, the Ministry of Land and Resources and the Ministry of Construction have promulgated a number of laws and regulations and departmental rules relating to legal problems in respect of land and real estate. In addition, the local people's congresses and local governmental authorities in many provinces and cities also promulgated various local regulations or local rules. There may be uncertainties in the interpretation and application of these laws, administrative regulations, departmental rules, local regulations and local rules.

Risks Relating to an Investment in the Units

The Units have never been publicly traded and the Global Offering may not result in an active or liquid market for the Units. In addition, the real estate investment trust market in Hong Kong is relatively new.

Prior to the Global Offering, there has been no public market for the Units and an active public market for the Units may not develop or be sustained after the Global Offering. Although the Units will be listed on the Hong Kong Stock Exchange following completion of the Global Offering, this does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market.

As real estate investment trusts are a relatively new investment product in Hong Kong, there is presently no official or directly comparable benchmark against which GZI REIT's performance can be measured. It is also unknown whether an active market for real estate investment trusts which invest in the PRC will develop in Hong Kong.

Unitholders have no right to require the redemption of their Units.

Unitholders have no right to request the Manager to redeem their Units. Therefore, there can be no assurance that a Unitholder will be able to dispose of its Units at the Offer Price or any price, or at all. Accordingly, Unitholders may only be able to liquidate or dispose of their Units through a sale of such Units to third parties on the secondary market.

The price of the Units may decline after the Global Offering.

The Offer Price of the Units will be determined by agreement among GZI, the Manager and the Joint Global Coordinators (on behalf of the Underwriters) and may not be indicative of the market price for the Units after the completion of the Global Offering. The Units may trade at prices significantly below the Offer Price or the future NTA per Unit. The price of the Units will depend on many factors, including:

- the perceived prospects of GZI REIT's business and investments and the Guangzhou real estate market;
- differences between GZI REIT's actual financial and operating results and those expected by investors and analysts;
- changes in GZI REIT's revenues or earnings estimates or analysts' recommendations or projections;
- changes in general economic or market conditions both domestically and internationally;
- the market value of GZI REIT's assets;

- changes in interest rates and the consequential impact on investments with interest rate sensitive returns;
- the perceived attractiveness of the Units against those of other equity securities, including those not relating to the real estate sector;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Hong Kong real estate investment trust market;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Hong Kong real estate investment trusts;
- the ability on GZI REIT's part to implement successfully its investment and growth strategies and to retain its key personnel;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity market and increases in interest rates.

For these reasons, among others, Units may trade at prices that are higher or lower than the attributable NTA per Unit. To the extent that GZI REIT retains operating cash flow for investment purposes (subject to complying with requirements in the REIT Code and the Trust Deed relating to required levels of distribution by GZI REIT), working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on GZI REIT's part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested. If GZI REIT is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

The forward looking information in this Offering Circular may prove inaccurate.

This Offering Circular contains forward looking statements regarding, among other things, forecast distribution levels for the Forecast Period 2005 and the Forecast Year 2006. These forward looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside of GZI REIT's control (see the section headed "Profit Forecast — Bases and Assumptions" in this Offering Circular).

Moreover, GZI REIT's revenue is dependent on a number of factors, including the receipt of dividends and distributions, directly or indirectly, from Holdco and the BVI Companies as well as rent from the Properties. Such rent, dividends and distributions may decrease for a number of reasons, including the lowering of occupancy and rental rates, insolvency or delay or failure in rent payment by tenants, which may adversely affect GZI REIT's ability to achieve the forecast distributions as some or all events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not currently anticipated.

Actual results may be materially different from the forecast. There can be no assurance that the assumptions will be realised and the actual distributions will be as forecast.

Decreases in property values as a result of the annual revaluation of the Properties could result in decreases in the annual consolidated net profit of GZI REIT for that year and may also trigger certain adverse consequences under the Facility Agreement.

The Properties are subject to an annual revaluation. Under GZI REIT's accounting policy, any decrease in the valuation of its investment properties could result in non-cash charges to the income statement, and may give rise to a substantial decline in annual consolidated net profit for the year. Such a decline could result in lower levels of Total Distributable Income and may significantly affect distributions to Unitholders. A 5.0% decrease in the fair value of the Properties may reduce the Total Distributable Income to nil (see the section headed "Profit Forecast — Sensitivity Analysis" in this Offering Circular). Under the Trust Deed, Total Distributable Income for a Financial Year is the consolidated audited profit after tax of GZI REIT and entities controlled by it for that Financial Year, adjusted to eliminate the effects of certain Adjustments (as defined in the section headed "Distribution Policy" in this Offering Circular) which have been recorded in the income statement for the relevant Financial Year. Unrealised property valuation losses are not an Adjustment for the purpose of calculating Total Distributable Income. While the Manager may (but is not obliged to) include in its annual distribution such amounts equivalent to any unrealised property revaluation losses and fair value losses on financial instruments, the Manager's ability to do so is subject to, and may be constrained by, compliance with the gearing level prescribed by the REIT Code, which limits GZI REIT's borrowings to no more than 45.0% of GZI REIT's total gross asset value.

If, as a result of a property revaluation, GZI REIT's total gross asset value falls such that GZI REIT's borrowings are above 45.0% of its gross asset value, the Manager would be required to retain funds that would otherwise be distributable to Unitholders so as to increase GZI REIT's total gross asset value.

Under the Facility Agreement, Holdco must maintain a security margin (being the ratio of the aggregate principal amount of all borrowings under the Facility Agreement to the aggregate value of the Properties as shown in the then latest annual valuation reports plus the aggregate amount of all cash in bank accounts held by the BVI Companies and Holdco) of no more than 50.0%. A decrease in the values of the Properties could cause the security margin to exceed 50.0%. Such an event will constitute an event of default under the Facility Agreement. In such an event, the Lending Banks may, among other things, enforce their mortgages over the Properties.

Property yield on real estate to be held by GZI REIT is not equivalent to yield on the Units.

Generally speaking, property yield depends on the amount of net property income and is calculated as the amount of revenue generated by the properties concerned, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties. Yield on the Units, however, depends on the distributions payable on the Units as compared with the purchase price of the Units. While there may be some correlation between these two yields, they are not the same and will vary accordingly for investors who purchase Units in the secondary market at a market price that differs from the Offer Price.

The NAV of the Units will be diluted if further issues are priced below the NAV.

The Trust Deed contemplates that new issues of Units may occur, the Issue Price for which may be above, at or below the then current NAV of GZI REIT. Where new Units are issued at less than NAV, the NAV of existing Units will be diluted.

There may be risks associated with the future sales of Units.

No prediction can be made as to the effect, if any, that future sales of Units, or the availability of Units for future sale, will have on the market price of the Units. Upon completion of the Global Offering, it is expected that GZI (through Dragon Yield, its wholly owned subsidiary) and Yue Xiu (assuming that it elects to retain the Units it is entitled to receive under the Special Dividend) will respectively own approximately 31.3% and 0.8% of the then outstanding Units (assuming the Over-allocation Option is exercised in full). Although the Underwriting Agreements and the Reorganisation Deed contain restrictions on the disposal of Units held by GZI, and Yue Xiu has agreed to a similar lock-up in respect of any Units it elects to receive under the Special Dividend, there can be no assurance that sales of substantial amounts of Units by other parties will not occur or that GZI and Yue Xiu will not dispose of their Units upon the lapse or waiver of the relevant restrictions.

The Hong Kong Code on Takeovers and Mergers does not apply to Unit acquisitions and there may be limited information in relation to the interests held by significant holders and other connected persons of GZI REIT.

Unitholders' rights differ from, and may be less protective in certain respects than, those granted to shareholders of public companies in Hong Kong. The Hong Kong Code on Takeovers and Mergers does not apply to acquisitions of units in real estate investment trusts, which means (among other things) that a person may acquire any number of Units without being required to make a general offer to acquire the Units held by other Unitholders. Accordingly, Unitholders may not benefit from a possible premium price and may not receive equal prices for Units sold.

In accordance with the REIT Code, interests in the Units held by connected persons of GZI REIT are required to be disclosed in the annual report of GZI REIT. Part XV of the SFO does not directly apply to the Units. Although the Trust Deed deems some of the provisions on disclosure of interests set out in Part XV of the SFO to apply to the Units, and contains provisions requiring Unitholders (among other persons) to disclose their interests in GZI REIT, the Manager may not be able to enforce these provisions at all times. Accordingly, the amount of publicly available information concerning holders of significant numbers of Units and connected persons of GZI REIT may be limited, and complete disclosure of the interests of such persons cannot be assured.

The sale or possible sale of a substantial number of Units by GZI or Yue Xiu in the public market could adversely affect the price of the Units.

On the Listing Date, assuming that the Over-allocation Option is fully exercised, GZI REIT will have 1,000,000,000 Units outstanding, of which approximately 679,376,416 Units (67.9%) will be held by the public (through the Global Offering, the Offer for Sale and/or the Special Dividend), 312,550,000 Units (31.3%) will be held by Dragon Yield (a wholly owned subsidiary of GZI) and 8,073,584 Units (0.8%) will be held by Yue Xiu (assuming that Yue Xiu elects to retain the Units it is entitled to receive under the Special Dividend). If either of these entities sells or is perceived as intending to sell a substantial number of Units (following the lapse of any lock-up arrangement or pursuant to applicable waivers (see the section headed "Underwriting — Lock up Agreements" in this Offering Circular)), the market price for the Units could be adversely affected.

Certain rights in relation to Units in which a person has an interest or is deemed to have an interest may be suspended under the provisions of the Trust Deed.

The Trust Deed contains provisions that require relevant persons to disclose to the Trustee and the Manager information in relation to the acquisition or disposal of interests in the Units. If the Trustee or the Manager believes a person has not complied with such disclosure of interest provisions in the Trust Deed, irrespective of whether such person is a holder of Units, the Trustee or the Manager (as the case may be) may, in its absolute discretion, take certain actions in respect of all or a part of the Units in which such person holds or is deemed to hold an interest. Such actions may include suspending the voting rights of such Units, suspending the payment of distributions on such Units, suspending the transfer and registration of such Units and imposing a daily administrative fee payable in relation to each such Unit.

Accounting standards in the PRC and Hong Kong are subject to change.

Accounting standards in the PRC and Hong Kong are subject to change. As a result, the financial statements of GZI REIT, Holdco, the BVI Companies as well as any other entities which are controlled by GZI REIT and are subject to such accounting standards may be affected by the introduction of any such revised accounting standards.

The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not have a significant impact on the presentation of GZI REIT's financial statements or on its results of operations. In addition, such changes may adversely affect the ability of GZI REIT to make distributions to Unitholders.

The Units may be delisted from the Hong Kong Stock Exchange.

The Hong Kong Stock Exchange imposes certain requirements for the continued listing of securities, including the Units, on the Hong Kong Stock Exchange. There can be no assurance that GZI REIT will continue to meet the requirements necessary to maintain the listing of Units on the Hong Kong Stock Exchange or that the Hong Kong Stock Exchange will not change the listing requirements.