

Investment Objective and Policy

The Manager's investment objective for GZI REIT is to invest in properties in Guangdong province in the PRC. In pursuing its investment objective, the Manager will adhere to the following policies:

- unless Unitholders approve otherwise by Special Resolution at a meeting convened by the Manager, investments will initially be in real estate in Guangdong province;
- investments will be in properties for the long term; and
- investments will be in a diverse portfolio of sustainable income producing properties which are used primarily for office, retail and other commercial purposes.

Business Strategies

In pursuing its objectives, the Manager will follow a set of key business strategies, including:

1. *Pro-active portfolio growth initially in Guangdong province*

The Manager will focus on investing in properties, initially in Guangdong province, which are primarily used for office, retail and other commercial purposes. It will seek to acquire properties that will provide attractive cash flows and yields together with opportunities for further revenue growth through operational optimisation. Portfolio growth opportunities for GZI REIT are underpinned by:

- the right of first refusal granted by GZI to GZI REIT, conditional on listing of the Units on the Hong Kong Stock Exchange, to acquire any completed Grade A office or commercial buildings in Guangzhou that (i) fulfils (or would reasonably be regarded as fulfilling) the investment criteria and property characteristics and is consistent (or would reasonably be regarded as being consistent) with the investment strategy of the Manager for property investments by GZI REIT (as stated in this Offering Circular); (ii) is owned or developed by the GZI Group and in which the GZI Group has an ownership interest of 95.0% or more (and, in circumstances in which GZI is able to negotiate and agree terms with the relevant joint venture party so as to extend the coverage of the right of first refusal granted by GZI to include the relevant property that is the subject of that joint venture, that relevant property); (iii) has a value of US\$20.0 million or more (as determined by an independent property valuer); and (iv) GZI proposes to dispose of to a third party or parties. This right of first refusal will commence on the Listing Date and continue until the earliest of the following occurring: (a) the expiry of five years after Listing Date; (b) the Units ceasing to be listed on the Hong Kong Stock Exchange; or (c) the entity which is the asset manager of GZI REIT ceasing for whatever reason to be a subsidiary of any member of the GZI Group or the Yue Xiu Group (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — Deed of Right of First Refusal" in this Offering Circular);

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- the flexibility of GZI REIT to seek investment opportunities from other property developers or vendors other than GZI; and
- the scale of the Manager's existing network of relationships in Guangdong Province, which helps it identify and source acquisition targets.

2. *Operational enhancements*

2.1 *Pro-actively managing and leasing properties*

The Manager believes that there is considerable scope for improvement in the operational efficiency of GZI REIT to drive growth in net rental income and profitability over time. Such measures include:

- disciplined and efficient asset management and cost control;
- pro-active retail and commercial leasing;
- continual review and improvement in tenant mix and facility layout;
- delivery of high quality services to tenants and customers;
- active marketing and promotions; and
- pursuit of additional revenue opportunities.

2.2 *Property and asset management expertise*

The Manager seeks to ensure that high quality services are provided to the tenants and customers of the properties of GZI REIT. To this end, it will:

- provide continuous and appropriate professional training to its staff to build and sustain a high quality service culture with the necessary professionalism and personal competence;
- employ external consultants, advisers and service providers as and when it considers it appropriate and in the interests of Unitholders. In this regard, the Manager has appointed the Property Adviser at its own cost to provide advice and personnel support in relation to, among other things, identifying and evaluating, and assisting in the execution of, acquisitions and disposals properties (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — Property Consultancy Agreement" in this Offering Circular);
- closely monitor and benchmark staff performance against international standards;

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- create a feedback mechanism for all staff; and
- educate staff on how their performance would affect the performance of GZI REIT.

3. *Strategic initiatives*

3.1 *Expanding the portfolio of GZI REIT through selective acquisitions*

The Manager intends to explore actively acquisition opportunities that would add value to GZI REIT's portfolio and improve returns to Unitholders. Key criteria that the Manager will consider when evaluating acquisition opportunities include:

- consistency with the Manager's investment strategy;
- accretion to distributions per Unit;
- attractiveness of the property's acquisition price vis-à-vis its cash flows, current performance and sustainable future potential;
- economic conditions and the market outlook;
- diversification or expansion of GZI REIT's property portfolio enabling GZI REIT to access tenant and customer demand in new trade areas;
- ability of the property to complement the existing portfolio and strengthen GZI REIT's market share vis-à-vis competition in a trade area;
- opportunities to enhance the property to increase investment returns and create value;
- healthy occupancy rate and established tenants of good credit standing to minimise rental delinquency and turnover;
- potential to add value to GZI REIT's portfolio through selective renovations or other enhancements;
- good quality specifications which are in compliance with legal and zoning regulations; and
- availability of appropriate and convenient access to necessary transportation amenities.

3.2 *Increasing returns through asset enhancement*

The Manager believes that there is usually scope for improvements that will create additional value for the properties of GZI REIT. The Manager will also seek advice

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from external consultants and advisers (including the Property Adviser) as and when it considers it appropriate and in the interests of Unitholders on any possible asset enhancement plan. Possible enhancement measures include:

- for retail properties, looking into centre positioning, marketing, trade mix and tenancy profile;
- subject to obtaining the relevant regulatory approvals and, if necessary, the approval of the other owners of the property in question, creating more lettable space, change or addition of use and increasing the connectivity and accessibility of the properties;
- reviewing the role and issues surrounding property management, in particular, the management of the common areas and how this can affect tenants and property yields. Attention will be given to the procedures, processes and systems currently undertaken and these will be compared with international standards;
- acquisition and/or control of loading/unloading areas and car parking spaces within the buildings; and
- reviewing and designing measures to manage risks arising from business operations.

GZI REIT's ability to carry out asset enhancements at Fortune Plaza, City Development Plaza and Victory Plaza may be constrained in certain circumstances (see the risk factors headed "GZI REIT may not be able to pass certain critical decisions in the owners' committees of Fortune Plaza and City Development Plaza" and "GZI REIT will be unable to carry any decisions in the owners' committee of Victory Plaza" in this Offering Circular).

3.3 Optimising GZI REIT's capital structure

The Manager will focus on optimising the capital structure of GZI REIT within the requirements of the REIT Code with the aim of maximising the returns from the portfolio and distributions to Unitholders, while adhering to appropriate levels of financial prudence. The ratio of total borrowings of GZI REIT against its total gross asset value will generally be maintained at between 30.0% and 40.0% in order to create a buffer for future capital expenditure, working capital needs and any adverse movements in market conditions. The Manager intends to use a combination of debt and equity financing to fund future acquisitions and asset enhancements and will implement a prudent financial and capital management policy. The Manager will, from time to time, review and optimise the fixed rate/floating rate profile of GZI REIT's borrowings and evaluate refinancing options which may include long term bank borrowings, bonds, commercial mortgage backed securities and medium term notes.

3.4 Prudent risk management

The Manager will aim to minimise the risks and exposures relating to interest rates and foreign exchange rates through the use of appropriate financial instruments.

3.5 International corporate governance standards

The Manager seeks to incorporate corporate governance best practices into its management and organisational structure. Detailed corporate governance policies and procedures have been established to promote the operation of GZI REIT in a transparent manner and with built in checks and balances.

3.6 Exit strategy

The Manager intends that properties acquired by GZI REIT shall be held on a long term basis. However, if the Manager considers that any property has reached a stage such that it offers only limited scope for growth, the Manager may consider selling the property (either in whole or in part) through either the disposal of GZI REIT's interest in the property directly or the disposal of GZI REIT's interest in the relevant special purpose vehicle, and using the proceeds for alternative investments in a property or properties which meet its investment criteria.