
THE PROPERTIES AND THE REORGANISATION

The Properties

As at the date of this Offering Circular, GZI REIT's property portfolio consists of the following commercial properties located in Guangzhou:

- **White Horse Units** — The White Horse Units consist of nine strata units in part of the lower ground level as well as the 2nd to 9th storeys of a multi-storey commercial building with eight levels above ground, a lower ground level and a basement comprising a car park. The White Horse Units account for 81.4% of the total Gross Floor Area of White Horse Building. Of the remaining Gross Floor Area, 9.2% (comprising the car park) is owned by White Horse JV (a subsidiary of GZI, and therefore a connected person of GZI REIT) and 9.4% is owned by an unrelated third party.
- **Fortune Plaza Units** — The Fortune Plaza Units comprise 35 strata units in the West tower, 43 strata units in the East tower and five strata units in the six-storey podium located in a mixed use Grade A commercial building consisting of a podium with two tower blocks and two levels of underground car parks. The Fortune Plaza Units account for 50.2% of the total Gross Floor Area of Fortune Plaza. Of the remaining Gross Floor Area, 15.5% (comprising certain units in the podium⁽¹⁾ and the West tower, a clubhouse and the car park) is owned by GCCD (a subsidiary of GZI, and therefore a connected person of GZI REIT) and the remaining 34.3% is owned by unrelated third parties.
- **City Development Plaza Units** — The City Development Plaza Units comprise six strata units in the first three storeys of a five-storey podium as well as 159 strata units in the single tower block of a 28-storey Grade A commercial building comprising the podium, the tower block and two levels of underground car parks. The City Development Plaza Units account for 57.3% of the total Gross Floor Area of City Development Plaza. Of the remaining Gross Floor Area, 36.8% (comprising space used for GCCD's offices as well as a clubhouse, a restaurant and the car park) is owned by GCCD (a subsidiary of GZI, and therefore a connected person of GZI REIT) and the remaining 5.9% is owned by unrelated third parties.
- **Victory Plaza Units** — The Victory Plaza Units consist of nine strata units comprising the six levels above ground in the podium and the retail space in basement 1 in the first phase of an integrated office and retail complex with four levels of underground car parks. Two tower blocks above the podium are currently under construction and are expected to be completed in 2007. Basement 1 of the building comprises partly car park space and partly retail space. The tower blocks and car park are not part of the Victory Plaza Units. The Victory Plaza Units account for 52.7% of the combined Gross Floor Area of the podium and the four levels of underground car parks, and will account for approximately 19.5% of the total Gross Floor Area of the entire development when the two tower blocks are completed. The car park in Victory Plaza is owned by GCCD, a subsidiary of GZI and therefore a connected person of GZI REIT.

The portions in each Property which continue to be held by GZI (through either White Horse JV or GCCD) have not been injected into GZI REIT as they do not generate significant levels of rental or other income or are used for GZI's own purposes.

(1) GCCD has signed a memorandum of understanding with a third party to sell these podium units (which account for 0.6% of the total Gross Floor Area of Fortune Plaza).

The Manager believes that the Properties benefit from their prime locations in their respective trade areas and their high levels of connectivity with public transportation that generate visitor traffic.

As at 30 September 2005, the Properties comprised 89,588.1 sq.m. of Gross Floor Area used for wholesale or retail activities and 71,062.9 sq.m. of Gross Floor Area used as office or warehouse space. The Manager proposes to renovate the 8th and 9th storeys of the White Horse Units for wholesale/retail use. Towards this end, the Manager has stopped renewing existing leases and signing new leases for these two floors. It expects GZI REIT to have vacant possession of these two floors by 1 January 2006. The proposed renovation is expected to cost HK\$5.8 million (which will be funded from an aggregate amount of HK\$26.7 million retained from the proceeds of the Global Offering, see the section headed “Material Agreements and Other Documents Relating to GZI REIT — The Reorganisation Deed” in this Offering Circular) and to be completed before May 2006. After the renovation, the Properties will have 93,508.1 sq.m. of Gross Floor Area used for wholesale or retail activities (i.e. an increase of 4.4%) as well as 67,142.9 sq.m. of Gross Floor Area used as office or warehouse space (i.e. a decrease of 5.5%).

For the nine months ended 30 September 2005, the wholesale/retail component of the Properties had an average occupancy rate of 93.1% while the office/warehouse component of the Properties had an average occupancy rate of 77.5%.

The Properties are held by Partat, Moon King, Full Estates and Keen Ocean under Building Ownership Certificates granted by the Guangzhou Land Bureau. Holdco acquired the Properties on 7 December 2005 via an acquisition of the BVI Company Shares. The aggregate Appraised Value of the Properties, as determined by the Independent Property Valuer, was HK\$4,005.0 million as at 30 September 2005 (see the sub-section headed “Valuation” below).

Competitive Strengths

The Manager believes that the Properties enjoy the following competitive strengths:

- **Quality properties in prime locations** — The White Horse Building is one of the top 10 centres of the garment wholesale and retail trades in the PRC (having been awarded the “10 Largest Garment Wholesale Market Award” in 2005 by the 經濟日報報業集團服裝時報社 (Economic Daily News Group — Fashion Times), 中華全國商業信息中心 (China Centre for Commercial Information) and 中國商業聯合會市場專業委員會 (the Professional Market Committee of the China Commerce Association)) and attracts tenants and visitors not just from Guangdong province but also from the rest of the PRC. A key success factor for wholesale markets is being located near superior transport systems. White Horse Building is situated in the Liu Hua commercial zone, next to the exhibition hall for the Guangzhou Trade Fair, and is in Guangzhou’s main garment wholesale district. It is a short walk from Guangzhou Huo Che Zhan underground metro station (廣州火車站地鐵站) on the No. 2 metro line. White Horse Building is also located directly across from a bus station which operates both local and inter-provincial services. The Property is also in close proximity to the Guangzhou railway station, which facilitates long distance transportation of the large quantities of clothing purchased by traders from other parts of the PRC who visit White Horse Building.

The Guangzhou Municipal People's Government decided in the 1990's to develop the Tian He area into Guangzhou's CBD. Since then, many high quality commercial buildings (including Fortune Plaza, City Development Plaza and Victory Plaza) have been built in the Tian He area. Fortune Plaza and City Development Plaza are Grade A office buildings and the Victory Plaza podium is a new shopping centre.

The new underground metro system in Guangzhou has transformed the Tian He CBD into a central hub and an important interconnection point for the entire city. The Ti Yu Zhong Xin underground metro station (體育中心地鐵站) on the No. 1 metro line exits directly to Fortune Plaza, while City Development Plaza and Victory Plaza are both within short walking distance of the Ti Yu Xi Road station (體育西路地鐵站). When the No. 3 metro line is completed and commences operations (its first section is estimated to open by the end of 2005), shoppers travelling to the Tian He CBD on the No. 1 and No. 3 metro lines will enjoy direct underground access to basement 1 of Victory Plaza from the metro station and the Manager anticipates that human traffic through Victory Plaza will increase significantly as a result. These three Properties are also in close proximity to the East Station of Guangzhou Railway Station (which serves the railway line between Guangzhou and Hong Kong) and the future airport express line.

Over the years, White Horse Building and City Development Plaza have received numerous awards in recognition of their excellence of construction and management.

- **High occupancy** — Both White Horse Building and City Development Plaza are well-established commercial properties. For the nine months ended 30 September 2005, the White Horse Units enjoyed full occupancy. As at 30 September 2005, 1,246 (95.3%) of the 1,307 leases (signed with 966 tenants) which are due to expire on 31 December 2005 have been renewed for four or five years until 31 December 2009 or 31 December 2010, as the case may be. In the same period, the City Development Plaza Units enjoyed an average occupancy rate of 89.9% and experienced a renewal rate (in terms of the total Gross Rentable Area covered by the expired leases) of 55.5%. The Manager believes that these two Properties will continue to enjoy high, consistent and stable occupancy rates.

Although Fortune Plaza is a relatively new property (having been opened in the second half of 2003), the Fortune Plaza Units have nevertheless achieved an average occupancy rate of 65.9% for the nine months ended 30 September 2005. Similarly, the Victory Plaza podium opened only in the second half of 2003 but the Victory Plaza Units achieved an average occupancy rate of approximately 85.2% for the nine months ended 30 September 2005.

Although both buildings opened at approximately the same time, the Fortune Plaza Units had a relatively lower occupancy rate as compared to the Victory Plaza Units because some of the Fortune Plaza Units were at that time earmarked for sale rather than lease, and were only later redesignated as units to be retained and leased out.

Size

The aggregate Gross Floor Area of a Property refers to the sum of the areas specified in the Building Ownership Certificates for the Property. The Gross Rentable Area of each unit in a Property refers to the area set out in the tenancy agreement for that unit, which includes a proportionate share of the common area in the Property allocated to that unit.

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The occupancy rates of the Properties disclosed in this Offering Circular have been calculated by the Manager using the Gross Rentable Areas of the Properties.

The Portfolio

The following table sets out certain information with respect to each of the Properties as at 30 September 2005:

Property	Year of Completion of Construction	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)	Building Efficiency Ratio ⁽¹⁾ (%)	Gross Rentable Area (sq.m.)	Percentage of Total Gross Rentable Area (%)
White Horse Units	1990					
- Wholesale/retail ⁽²⁾⁽³⁾		46,279.3	44,322.4	95.8	45,157.6 ⁽⁴⁾	92.1
- Office/warehouse ⁽²⁾		3,920.0	3,778.2	96.4	3,849.6 ⁽⁵⁾	7.9
		50,199.3	48,100.6	95.8	49,007.2	100.0
Fortune Plaza Units	2003					
- Retail ⁽⁶⁾		3,853.1	3,244.7	84.2	3,853.1	9.5
- Office ⁽⁶⁾		36,503.1	27,507.6	75.4	36,503.1	90.5
		40,356.2	30,752.3	76.2	40,356.2	100.0
City Development Plaza Units	1997					
- Retail		11,757.6	10,468.4	89.0	11,757.6 ⁽⁷⁾	27.7
- Office		30,639.8	22,186.5	72.4	30,639.8	72.3
		42,397.4	32,654.9	77.0	42,397.4	100.0
Victory Plaza Units	2003					
- Retail		27,698.1	22,847.9	82.5	27,262.3 ⁽⁸⁾	100.0
Total						
- Wholesale/retail		89,588.1	80,883.4	90.3	88,030.6	55.4
- Office/warehouse ⁽²⁾		71,062.9	53,472.3	75.2	70,992.5	44.6
		160,651.0	134,355.7	83.6	159,023.1	100.0

Notes:

- (1) Refers to the ratio of Internal Floor Area to Gross Floor Area, both as stated in the relevant Building Ownership Certificates.
- (2) The 8th and 9th storeys are currently leased for office/warehouse use. The Manager proposes to renovate these areas for wholesale/retail use. Such renovations will not change the Gross Floor Area or the Internal Floor Area of the White Horse Units as the renovation works do not involve addition or reduction of floor space.
- (3) Currently, the 5th and 6th storeys and part of the 4th storey have been leased for wholesale use. These areas have been assumed to be wholesale space for the purposes of this Offering Circular. The relevant Building Ownership Certificates for these portions of the White Horse Units state that the space is designated for office use. The Manager has been advised by its PRC legal adviser that the use of these portions of the White Horse Units for wholesale use does not contravene the Building Ownership Certificates.
- (4) Owing to the current design of the building, there is currently a total area of 1,121.7 sq.m. which cannot be rented out as it represents a stairway/corridor area and a storage area for equipment.

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- (5) In accordance with PRC regulations, White Horse Property Management Company (as property manager of White Horse Building) has on-site premises of 70.4 sq.m. for its use free of rent (see the section headed “The Leasing Agents — Property Management Offices” of this Offering Circular). This area has not been included in calculating the Gross Rentable Area.
- (6) Currently, the 3rd to 5th storeys of the podium have been rented out for use as offices. These areas, amounting to 12,825.3 sq.m., have been assumed to be office space for the purposes of this Offering Circular. The relevant Building Ownership Certificates for these portions of the Fortune Plaza Units state that the space is designated for commercial use. The Manager has been advised by its PRC legal adviser that the use of these portions of the Fortune Plaza Units as offices does not contravene the Building Ownership Certificates.
- (7) The Gross Rentable Area includes the area of 97.0 sq.m. leased to Yicheng for its use as a property management office for City Development Plaza at a nominal monthly rent of HK\$5 per sq.m. (see the section headed “The Leasing Agents — Property Management Offices” of, and Appendix X to, this Offering Circular).
- (8) Victory Plaza was rented out based on the preliminary Government approval granted based on the total Gross Floor Area as calculated by the then owner. The common area of the Victory Plaza Units was allocated to each of the tenancy agreements for the Victory Plaza Units based on such calculations. Upon receipt of the Building Ownership Certificates for the Property, it was discovered that the total Gross Floor Area was larger than the figure calculated by 435.8 sq.m. This additional area had not previously been allocated to the tenants. The Manager will allocate such common area to future leases by adopting the Gross Rentable Area as recorded in the relevant Building Ownership Certificates. Such common area does not currently form part of the Gross Rentable Area of the Victory Plaza Units but will do so once allocated.

Gross Turnover

The Gross Turnover generated by each of the Properties for each of FY2003, FY2004 and the six months ended 30 June 2005 are set out in the following table:

Property	FY2003		FY2004		Six months ended 30 June 2005	
	(HK\$'000)	(%)	(HK\$'000)	(%)	(HK\$'000)	(%)
White Horse Units	89,754	69.4	104,737	60.9	65,916	60.1
Fortune Plaza Units	150	0.1	9,042	5.2	13,334	12.2
City Development Plaza Units	31,911	24.7	33,904	19.7	17,499	16.0
Victory Plaza Units	7,580	5.8	24,397	14.2	12,846	11.7
Total	129,395	100.0	172,080	100.0	109,595	100.0

Valuation

The Appraised Value of each of the Properties as at 30 September 2005, as determined by the Independent Property Valuer, is set out in the following table:

Property	Appraised Value	
	(HK\$ million)	(%)
White Horse Units	2,541.5	63.5
Fortune Plaza Units	545.0	13.6
City Development Plaza Units	385.5	9.6
Victory Plaza Units	533.0	13.3
Total	4,005.0	100.0

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Occupancy Trends

The following table sets out information on the average occupancy rates of the Properties for FY2003, FY2004, the nine months ended 30 September 2005 and each of the six months ended 30 June 2004 and 30 June 2005, as well as the occupancy rates as at 30 September 2005:

Property	FY2003	Six months ended 30 June 2004	FY2004	Six months ended 30 June 2005	Nine months ended 30 September 2005	As at 30 September 2005
	(%)	(%)	(%)	(%)	(%)	(%)
White Horse Units						
— Wholesale/retail	100.0	100.0	100.0	100.0	100.0	100.0
— Office/warehouse	100.0	100.0	100.0	100.0	100.0	100.0
Combined	100.0	100.0	100.0	100.0	100.0	100.0
Fortune Plaza Units						
— Retail	n.m. ⁽¹⁾	0.0	17.9	100.0	90.5	14.9 ⁽²⁾
— Office	n.m. ⁽¹⁾	10.5	21.3	55.7	63.3	83.5
Combined	n.m. ⁽¹⁾	9.5	21.0	60.0	65.9	76.9
City Development Plaza Units						
— Retail	83.6	86.0	85.8	85.5	85.5	85.5
— Office	83.6	91.2	90.8	90.6	91.6	93.0
Combined	83.6	89.8	89.4	89.2	89.9	91.0
Victory Plaza Units						
— Retail	n.m. ⁽³⁾	87.1	81.8	77.7	85.2	100.0
Weighted average across the Properties⁽⁴⁾						
— Wholesale/retail	n.m.	89.8	88.9	91.2	93.1	94.3
— Office/warehouse	n.m.	50.2	55.6	73.2	77.5	88.5
	n.m.	72.1	74.0	83.2	86.1	91.7

Notes:

- (1) The first tenancy in the Fortune Plaza Units only commenced in September 2003.
- (2) The occupancy rate as at 30 September 2005 was lower than the average occupancy rate for the nine months ended 30 September 2005 due to the early termination of a large lease in September 2005. As at 31 October 2005, the occupancy rate was 82.0% due to two new tenants taking up part of the vacated space.
- (3) The first tenancy in the Victory Plaza Units only commenced in August 2003.
- (4) Weighted based as the Gross Rentable Area of each of the Properties.

Tenant Profile

Given the nature of White Horse Building as a garment wholesale and retail market, the White Horse Units are mostly leased to tenants in the garment wholesale and retail trades. Major tenants of the Fortune Plaza Units include 匯豐電子資料處理(廣東)有限公司 (HSBC Electronic Data Processing (Guangdong) Limited), 加德士(中國)投資有限公司廣州分公司 (Jia De Shi (China) Investment Co., Ltd.) and 阿里巴巴(中國)網絡技術有限公司 (Alibaba (China) Technology Co., Ltd.). The major tenants in the City Development Plaza Units include 廣東移動通信有限公司 (Guangdong Mobile Communications Co., Ltd.), 深圳發展銀行廣州分行羊城支行 (Yangcheng Sub-branch of Guangzhou branch, Shenzhen Development Bank), 泰康人壽保險股份有限公司廣州分公司 (Taikang Life Insurance Co. Ltd. Guangzhou Branch) and 廣州中遠國際貨運有限公司 (Cosco Guangzhou International Freight Co. Ltd.). The Victory Plaza Units are mainly occupied by retail outlets offering brands such as Nike and Morgan, well known food outlets such as KFC and Häagen-Dazs as well as a variety of restaurants. The major tenants in the Victory Plaza Units include 廣州市國美電器有限公司 (Guangzhou GOME Electrical Appliances Co. Ltd.), 陳慧儀 (Chen Huiyi), 百勝餐飲(廣東)有限公司 (Yum! Restaurants (Guangdong) Co., Ltd.) (which operates a KFC outlet) and 廣州市佬湘飲食有限公司 (Guangzhou Lao Xiang Diet Co. Ltd.).

The following table sets out information on the 10 largest tenants of the Properties in terms of the total monthly base rent for 30 September 2005:

Tenant	Business sector	Property	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent ⁽¹⁾ (%)
廣州市新大新有限公司 (Guangzhou Xindaxin Co., Ltd.)	Department store	Victory Plaza Units	31 Mar 2010	12,484.6	7.9	5.2
匯豐電子資料處理(廣東)有限公司 (HSBC Electronic Data Processing (Guangdong) Limited)	Banking	Fortune Plaza Units	31 Jan 2008	8,550.2	5.4	3.5
廣東移動通信有限公司 (Guangdong Mobile Communication Co., Ltd.)	Communications	City Development Plaza Units	30 Apr 2008	3,688.7	2.3	2.0
易方達基金管理有限公司 (Efund Management Co. Ltd.)	Finance	City Development Plaza Units	31 Aug 2006 and 16 Oct 2006	1,844.3 and 1,844.3	1.2 and 1.2	0.9 and 0.9

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Tenant	Business sector	Property	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent ⁽¹⁾ (%)
廣州智慧谷發展有限公司 (Guangzhou Wisdom Valley Development Company Limited)	Services	City Development Plaza Units	30 Jun 2010	7,830.0	4.9	1.5
廣州市國美電器有限公司 (Guangzhou GOME Electrical Appliances Co. Ltd.)	Electrical appliances	Victory Plaza Units	31 May 2011	1,918.0	1.2	1.5
廣州中遠國際貨運有限公司 (Cosco Guangzhou International Freight Co. Ltd.)	Transportation	City Development Plaza Units	31 Aug 2006	2,997.1	1.9	1.4
泰康人壽保險股份有限公司廣州分公司 (Taikang Life Insurance Co. Ltd. Guangzhou Branch)	Insurance	City Development Plaza Units	31 Dec 2007	2,431.9	1.5	1.0
阿里巴巴(中國)網絡技術有限公司 (Alibaba (China) Technology Co., Ltd.)	E-Commerce	Fortune Plaza Units	31 Aug 2007	2,092.4	1.3	0.9
深圳發展銀行廣州分行羊城支行 (Yangcheng Sub-branch of Guangzhou branch, Shenzhen Development Bank)	Banking	City Development Plaza Units	31 Oct 2007	694.2	0.4	0.8
10 largest tenants by total monthly base rent				46,375.7	29.2	19.6
Other tenants				99,489.8	62.5	80.4
Vacant space				13,157.6	8.3	—
Total				159,023.1	100.0	100.0

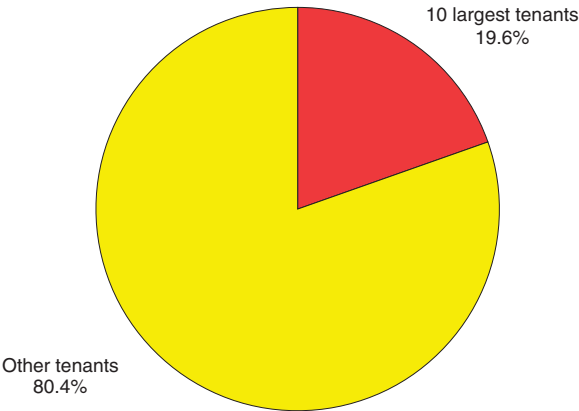
Note:
(1) As at 30 September 2005.

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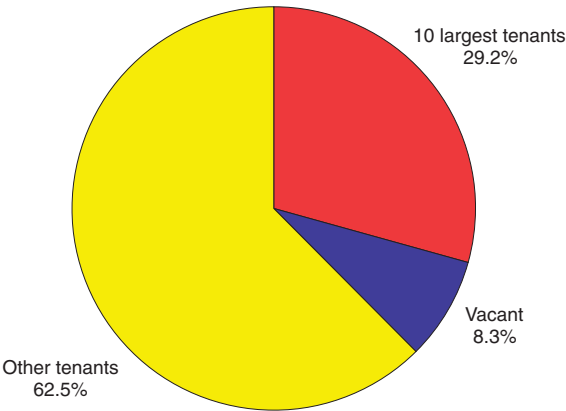
Save for HSBC Electronic Data Processing (Guangdong) Limited, an associate of the Trustee, none of the tenants listed above is a connected person of GZI REIT. (See Appendix X to this Offering Circular for a full list of tenancies in the Properties with connected persons.)

The following charts illustrate the percentage contribution of the 10 largest tenants to the monthly base rent of the Properties for September 2005, and the total Gross Rentable Area of the Properties as at 30 September 2005 occupied by these tenants:

Contribution of 10 largest tenants to monthly base rent for September 2005⁽¹⁾⁽²⁾



Total Gross Rentable Area as occupied by the 10 largest tenants



Notes:

- (1) Income from the White Horse Units included property management fees.
- (2) Calculated as a percentage of the monthly base rent of the Properties for September 2005.

These 10 tenants occupy 29.2% of the Gross Rentable Area of the Properties but account for only 19.6% of the monthly base rent of the Properties for September 2005. This apparent discrepancy exists because the leases in the White Horse Units command the highest rental rates among all four Properties and these 10 tenants occupy premises in the other three Properties where the rental rates are lower.

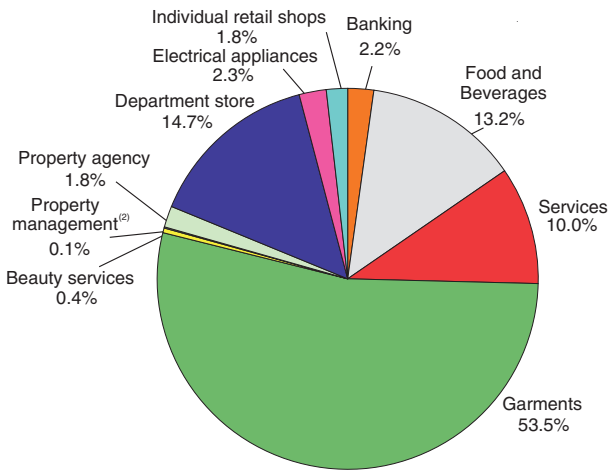
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The following chart illustrates the percentage of total monthly base rent for September 2005 derived from the wholesale/retail portions of the Properties relative to the office/warehouse portions of the Properties.

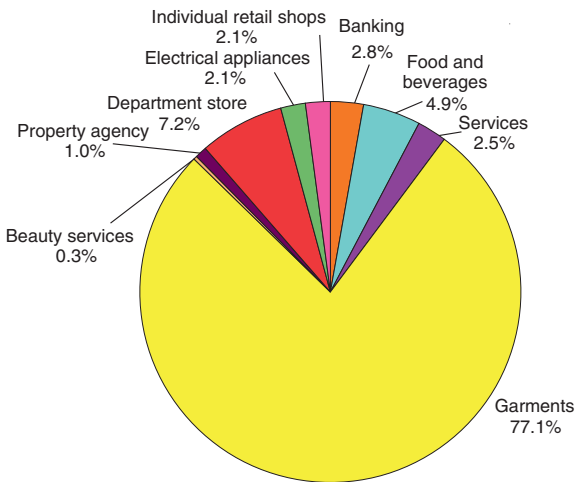


The following chart illustrates the percentage of the total Gross Rentable Area of the wholesale/retail portions of the Properties as at 30 September 2005 (83,046.3 sq.m.) occupied by tenants in each of the identified business sub-sectors and the percentage contribution of the tenants in these business sub-sectors to the monthly base rent for September 2005:

Gross Rentable Area occupied by each business sub-sector



Contribution of each business sub-sector to monthly base rent⁽¹⁾



Notes:

- (1) Calculated as a percentage of the monthly base rent of the Properties for September 2005.
- (2) Tenants in the property management business sub-sector contributed 0.003% to the monthly base rent for September 2005 and have not been included in the chart.

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Expiries

Depending on factors such as the needs of tenants as well as how established and reputable a particular property is, the terms of lease agreements for the Properties mostly range from nine months to four years and typically include a right of first refusal permitting the existing tenant to renew the tenancy agreement upon the expiry of the original lease term, provided that the tenant is willing to match to the same terms and conditions (including rental rates) of a proposed lease with a prospective new tenant (see the sub-section headed “Tenancy Agreements” below). As at 30 September 2005, approximately 39.9% of lease agreements were for terms of at least three years. Shorter or longer lease terms may be contracted for on a case-by-case basis.

The table below sets out, for the periods indicated, details of expiries in respect of tenancies in the Properties as at 30 September 2005 (without taking into account the new leases for the White Horse Units commencing 1 January 2006):

Period	Total number of leases expiring		Gross Rentable Area of leases expiring/ vacant space		Expiring leases/ vacant space as a percentage of total Gross Rentable Area
		(%)	(sq.m.)	(%)	(%)
1 October 2005 -					
31 December 2005	1,320 ⁽¹⁾	90.7	52,549.2	36.0	33.0
FY2006	60 ⁽²⁾	4.1	17,438.1	12.0	11.0
FY2007	45 ⁽²⁾	3.1	22,675.9	15.5	14.2
FY2008	15 ⁽²⁾	1.0	18,287.8	12.5	11.5
FY2009	5 ⁽²⁾	0.3	2,164.4	1.5	1.4
FY2010 and beyond	11 ⁽²⁾	0.8	32,750.1	22.5	20.6
Sub-total	1,456	100.0	145,865.5	100.0	91.7
Vacant space	n.a.	n.a.	13,157.6	n.a.	8.3
Total	n.a.	n.a.	159,023.1	n.a.	100.0

Notes:

- (1) This does not take into consideration the new leases for the White Horse Units commencing on 1 January 2006.
- (2) Assuming that the right of first refusal to enter into a further tenancy agreement for leases expiring in the earlier period(s) set out in the table is not exercised.

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The table below sets out, for the periods indicated, details of expiries in respect of tenancies in the Properties as at 30 September 2005 (taking into account the new leases for the White Horse Units commencing 1 January 2006):

Period	Total number of leases expiring		Gross Rentable Area of leases expiring/ vacant spacing		Expiring leases/vacant space as a percentage of total Gross Rentable Area ⁽¹⁾
					(%)
		(%)	(sq.m.)	(%)	(%)
1 October 2005 -					
31 December 2005	74	5.1	8,059.1	5.5	5.1
FY2006	60	4.1	17,438.1	12.0	11.0
FY2007	45	3.1	22,675.9	15.6	14.2
FY2008	15	1.0	18,287.8	12.5	11.5
FY2009	592	40.7	15,056.6	10.3	9.5
FY2010 and beyond	670	46.0	64,348.0	44.1	40.4
Sub-total	1,456	100.0	145,865.5	100.0	91.7
Vacant space	n.a.	n.a.	13,157.6	n.a.	8.3
Total	n.a.	n.a.	159,023.1	n.a.	100.0

Information Regarding the Title of the Properties

Each of the Properties is held under title documents in the form of Building Ownership Certificates issued by the Guangzhou Land Bureau. Each title document contains information in respect of, among other things, the following:

- the name of the title holder;
- location of the property;
- nature of the land use rights;
- Gross Floor Area; and
- the rights of other parties, for example, a mortgagee.

The holder of a title document is entitled to deal freely with the property by, for example, transferring or granting leases in respect of the property or part thereof, and charging or mortgaging the land use rights in the property as security for any borrowings.

White Horse Units

The White Horse Units are held by Partat under Building Ownership Certificates issued by the Guangzhou Land Bureau to Partat. The Building Ownership Certificates were issued on a per floor basis in respect of the White Horse Units.

Fortune Plaza Units

The Fortune Plaza Units are held by Moon King under Building Ownership Certificates issued by the Guangzhou Land Bureau to Moon King. The Building Ownership Certificates were issued on a per unit basis in respect of some of the Fortune Plaza Units and on a per floor basis in respect of the other units.

City Development Plaza Units

The City Development Plaza Units are held by Full Estates under Building Ownership Certificates issued by the Guangzhou Land Bureau to Full Estates. The Building Ownership Certificates were issued on a per unit basis in respect of some of the City Development Plaza Units and on a per floor basis in respect of the other units.

Victory Plaza Units

The Victory Plaza Units are held by Keen Ocean under Building Ownership Certificates issued by the Guangzhou Land Bureau to Keen Ocean. The Building Ownership Certificates were issued on a per floor basis in respect of the podium (excluding the 1st storey) and the retail space in basement 1 of Victory Plaza, and on a per unit basis in respect of the 1st storey of Victory Plaza.

Generally, Building Ownership Certificates were obtained on a per unit basis for properties intended for sale and on a per floor basis for properties intended to be held as investments.

Terms of Land Use Rights

There are two types of title registrations in the PRC, namely land registration and building registration. Land registration is effected by the issue of land use right certificate by the relevant authority to the land owner evidencing that the land owner has obtained land use rights which can be assigned, mortgaged or leased. The building registration is the issue of a building ownership certificate (房屋所有權證) to the building owner evidencing that the building owner has obtained building ownership rights in respect of the building. According to the Land Registration Regulations (《土地登記規則》) promulgated by the State Land Administration Bureau on 18 November 1989 and amended on 18 December 1995 (the amendment became effective on 1 February 1996), and the Administration Rules on Regulations of Urban Real Estate Property (《城市房屋權屬登記管理辦法》) promulgated by the Ministry of Construction on 27 October 1997, implemented on 1 January 1998 and revised subsequently on 15 August 2001, all land use rights and building ownership rights which are duly registered are protected by law.

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The two different systems are commonly maintained separately in many cities in the PRC. However, in Shenzhen, Guangzhou, Shanghai and some other major cities, the two systems have been consolidated and a single composite real estate and land use right certificate (房地產權證) will be issued to evidence the ownership of both land use rights and the buildings erected thereon. Such single composite real estate and land use right certificate is in compliance with the Law of the Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) and the Administration Rules on Regulations of Urban Real Estate Property (《城市房屋權屬登記管理辦法》).

Under the Provisional Regulations of the PRC concerning the Grant and Assignment of the Right to Use State-Owned Land Use Rights in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) promulgated by the State Council of the PRC on 19 May 1990, the use of state land is dependent on the grant of a land use right by the PRC Government to a land user for a definite period subject to the payment of a land premium by the land user. The maximum term of such grants depends on the use of the land, as follows:

- up to 70 years for residential use;
- up to 50 years for industrial use or for public (e.g. educational, technology, cultural hygiene or sports) use;
- up to 40 years for commercial (which includes wholesale and retail), tourism and entertainment uses; and
- up to 50 years for all other uses (which include office and warehouse).

(See Appendix IX to this Offering Circular for further information.)

White Horse Units

The nine Building Ownership Certificates for the White Horse Units which are held in the name of Partat were issued by the Guangzhou Land Bureau on 19 October 2005 and grant Partat the right to use the White Horse Units for a period of 50 years commencing 7 June 2005 in respect of the stairway/corridor and storage area in the lower ground level, a portion of the 5th storey as well as 6th to 9th storeys, and for a period of 40 years commencing 7 June 2005 in respect of the 2nd to 4th storeys and a portion of the 5th storey.

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The following table sets out the commencement date and the duration of each Building Ownership Certificate relating to the White Horse Units:

Building Ownership Certificate No.	Storey ⁽¹⁾	Commencement Date	Duration (years)
C3895234	Stairway/corridor area and storage area in the lower ground level	7 June 2005	50
C3895233	2nd	7 June 2005	40
C3895232	3rd	7 June 2005	40
C3895231	4th	7 June 2005	40
C3895230	5th	7 June 2005	40 for 7,164.2 sq.m. and 50 for 531.36 sq.m. ⁽²⁾
C3895229	6th	7 June 2005	50
C3895228	7th	7 June 2005	50
C3895227	8th	7 June 2005	50
C3895226	9th	7 June 2005	50

Notes:

- (1) The 2nd storey of White Horse Building is the first level above ground in the building and is directly accessible from the street.
- (2) Pursuant to the relevant PRC regulations, the maximum term of the grant of land use right is 40 years and 50 years for commercial and integrated and other uses, respectively. The land use right certificate of the 5th storey of White Horse Building divides the relevant area into separate portions for commercial and integrated uses.

Fortune Plaza Units

The 83 Building Ownership Certificates for the Fortune Plaza Units which are held in the name of Moon King were issued by the Guangzhou Land Bureau on 10 September 2004 and 8 August 2005 and grant to Moon King the right to use the Fortune Plaza Units for a period of 40 years commencing 26 November 2002 in respect of strata units in the podium of Fortune Plaza, a period of 40 years commencing 26 November 2002 in respect of strata units in the 27th storey in the West tower and the 37th storey in the East tower, and 50 years commencing 26 November 2002 in respect of strata units in the two office tower blocks.

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The following table sets out the commencement date and the duration of each Building Ownership Certificate relating to the Fortune Plaza Units:

Building Ownership Certificate No.	Storey	Commencement Date	Duration (years)
C3897235	Podium, 1st storey	26 November 2002	40
C3097281	Podium, 2nd storey	26 November 2002	40
C3097280	Podium, 3rd storey	26 November 2002	40
C3097279	Podium, 4th storey	26 November 2002	40
C3097278	Podium, 5th storey	26 November 2002	40
C3098282	West tower, 8th storey	26 November 2002	50
C3097272, C3097273, C3097274, C3097275, C3097276, C3097277	East tower, 8th storey	26 November 2002	50
C3098281	West tower, 9th storey	26 November 2002	50
C3097268, C3097269, C3097270, C3097271	East tower, 9th storey	26 November 2002	50
C3098280	West tower, 10th storey	26 November 2002	50
C3897153, C3897154, C3098277, C3098278, C3098279, C3897155	West tower, 11th storey	26 November 2002	50
C3878363, C3878364, C3878365	East tower, 11th storey	26 November 2002	50
C3897152, C3897151, C3897150, C3897149, C3897148, C3897147	West tower, 12th storey	26 November 2002	50
C3878362, C3878361, C3878360, C3878359, C3878358, C3878357	East tower, 12th storey	26 November 2002	50
C3897146, C3897145, C3897144, C3897156, C3897246, C3897245	West tower, 13th storey	26 November 2002	50
C3878356, C3878355, C3878354, C3878353, C3878352, C3878351	East tower, 13th storey	26 November 2002	50
C3897244, C3897243, C3897242	West tower, 14 storey	26 November 2002	50
C3878350, C3878349, C3878348, C3878347, C3878346, C3878345	East tower, 14th storey	26 November 2002	50
C3098276	West tower, 15th storey	26 November 2002	50
C3098275	West tower, 16th storey	26 November 2002	50
C3098274	West tower, 17th storey	26 November 2002	50
C3098273	West tower, 18th storey	26 November 2002	50

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Building Ownership Certificate No.	Storey	Commencement Date	Duration (years)
C3897241, C3897240, C3897239, C3897238	West tower, 19th storey	26 November 2002	50
C3878344, C3097267, C3097266, C3098286, C3098285, C3878343	East tower, 19th storey	26 November 2002	50
C3098272	West tower, 24th and 25th storeys	26 November 2002	50
C3098284	East tower, 25th and 26th storeys	26 November 2002	50
C3897237	West tower, 26th storey	26 November 2002	50
C3897236	West tower, 27th storey	26 November 2002	40
C3878342	East tower, 27th storey	26 November 2002	50
C3878341	East tower, 28th storey	26 November 2002	50
C3878340	East tower, 34th storey	26 November 2002	50
C3098283	East tower, 35th and 36th storeys	26 November 2002	50
C3878339	East tower, 37th storey	26 November 2002	40

City Development Plaza Units

The 165 Building Ownership Certificates for the City Development Plaza Units which are held in the name of Full Estates were issued by the Guangzhou Land Bureau on 20, 21, 22 and 26 October 2004 and grant Full Estates the right to use the City Development Plaza Units for a period of 40 years commencing 27 January 1997 in respect of the 159 strata units in the first three storeys in the podium of City Development Plaza and for a period of 50 years commencing 27 January 1997 in respect of the six strata units in the 6th to 28th storeys in the tower block of City Development Plaza.

The following table sets out the commencement date and the duration of each Building Ownership Certificate relating to the City Development Plaza Units:

Building Ownership Certificate No.	Storey	Commencement Date	Duration (years)
C3202136, C3202132, C3202131	1st	27 January 1997	40
C3202158, C3202133	2nd	27 January 1997	40
C3202137	3rd	27 January 1997	40
C3202134, C3209181, C3209182, C3209183, C3209184, C3209185, C3209186, C3209187	6th	27 January 1997	50

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Building Ownership Certificate No.	Storey	Commencement Date	Duration (years)
C3209188, C3209189, C3209190, C3209191	7th	27 January 1997	50
C3209192, C3209193, C3209194, C3209195, C3209196, C3209197	8th	27 January 1997	50
C3209198, C3209199, C3209200, C3209201, C3209202	9th	27 January 1997	50
C3200787, C3200788, C3200789, C3200790, C3200791, C3200792, C3200793, C3200794	10th	27 January 1997	50
C3200795, C3200796, C3200797, C3200798, C3200799, C3200800, C3202001, C3202004, C3202002, C3202003	11th	27 January 1997	50
C3204076	16th	27 January 1997	50
C3204075, C3204074, C3204073, C3204072, C3204071, C3204070, C3202135, C3204069, C3204068	17th	27 January 1997	50
C3204067, C3204066, C3204065, C3204064, C3204063, C3204077, C3203079, C3203078, C3203077, C3203076	18th	27 January 1997	50
C3203075, C3203074, C3203073, C3203072, C3203071, C3203070, C3203069, C3203068, C3203067, C3203066	19th	27 January 1997	50
C3209203, C3123855, C3123854, C3123853, C3123852, C3123851, C3123850, C3123849, C3123848	20th	27 January 1997	50
C3123847, C3123846, C3123845, C3123844, C3123843, C3123842, C3123841, C3123840, C3123839	21st	27 January 1997	50

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Building Ownership Certificate No.	Storey	Commencement Date	Duration (years)
C3123838, C3123837, C3123836, C3123835, C3123834, C3200765, C3200766, C3200767, C3200768, C3200769	22nd	27 January 1997	50
C3200770, C3200771, C3200772, C3200773, C3200774, C3200776, C3200777, C3200778, C3200779, C3200780	23rd	27 January 1997	50
C3200781, C3200782, C3200783, C3200784, C3200785, C3200786, C3202138, C3202139, C3202140, C3202141	24th	27 January 1997	50
C3202142, C3202143, C3202144, C3202145, C3202146, C3202147, C3202148, C3202149, C3202150, C3202151	25th	27 January 1997	50
C3202152, C3202153, C3202154, C3202155, C3202156, C3202157, C3209179, C3209178, C3209177, C3209180	26th	27 January 1997	50
C3123833, C3123832, C3123831, C3123830, C3123829, C3123828, C3123827, C3123826, C3123825, C3123824	27th	27 January 1997	50
C3123823, C3123822, C3123821, C3123820, C3123819, C3123818, C3123817, C3123816, C3123815, C3123814	28th	27 January 1997	50

Victory Plaza Units

The nine Building Ownership Certificates for the Victory Plaza Units which are held in the name of Keen Ocean were issued by the Guangzhou Land Bureau on 6 July 2005 and 15 July 2005, and grant to Keen Ocean the right to use the Victory Plaza Units for a period of 40 years commencing 8 March 2004.

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The following table sets out the commencement date and the duration of each Building Ownership Certificate relating to the Victory Plaza Units:

Building Ownership Certificate No.	Storey	Commencement Date	Duration (years)
C3864888	Basement	8 March 2004	40
C3871824, C3871823, C3871822	1st	8 March 2004	40
C3872315	2nd	8 March 2004	40
C3872314	3rd	8 March 2004	40
C3872313	4th	8 March 2004	40
C3872312	5th	8 March 2004	40
C3872311	6th	8 March 2004	40

Marketing and Leasing Activities

The Leasing Agents have marketing teams which identify suitable tenants in desired target groups for the Properties. The Properties are then marketed actively to such prospective tenants through advertisements in the print media, television advertisements, direct calls, flyers and property agents. In addition to advertising through more traditional media, White Horse Building also has its own website which provides a platform for promoting the property and the business carried out therein.

Property agents and prospective tenants are also updated regularly with the list of available office or retail units for rental. Viewings of the premises are conducted with prospective tenants. Promotional events are tailored for each of the Properties to raise their market profiles. For example, product fairs have been held at Victory Plaza while festivals and conferences for garment wholesalers and their industry associations have been conducted at White Horse Building.

Tenancy Agreements

The tenancy agreements entered into for each of the Properties are generally for terms ranging from nine months to four years, depending on factors such as the needs of tenants as well as how established and reputable a particular property is.

In the case of the White Horse Units, the typical tenancy agreements provide for annual rent revision (subject to negotiation) of up to 5.0% per annum in the second year of the lease term, and up to 8.0% per annum in the third year of the lease term. For the new leases commencing on 1 January 2006, annual rent revision (subject to negotiation) of between 5.0% and 8.0% commencing from 1 January 2008 have typically been provided.

In the case of the Victory Plaza Units, most tenants enjoyed a rental discount for the first two years of their leases. Initial discounts of 30.0% were granted when the Victory Plaza Units commenced operations in the second half of 2003 to induce potential tenants to take up space in the Property. In the second half of 2004, due to commencement of the construction of the two office towers above the Victory Plaza podium (which is expected to complete in 2007), most of the tenants were offered a further discount of 20.0% for the period up to the completion of the construction. As they were long term tenants in the Victory Plaza Units, three of the tenants were granted this 20.0% discount for an additional three or four-month period following the completion of such works. These three tenants accounted for 24.8% of the Rental Income of the Victory Plaza units in FY 2004.

Rental rates for the Properties are subject to review and renegotiation on renewal of leases. At the time of entering into a lease, tenants of the Properties generally pay a security deposit in cash of an amount equal to two or three months' rent. Security deposits do not bear interest. Generally, tenants are required to pay their monthly rent in advance.

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 shall be forfeited without interest in accordance with the terms of the lease and the landlord retains legal right to require settlement of all unpaid amounts. (See the section headed "Manager's Discussion and Analysis of Financial Condition and Results of Operations — Audited Financial Statements of the Properties — Key Items in the Income Statements" of this Offering Circular for further information on lease transfers in the White Horse Units.)

The typical tenancy agreements for the City Development Plaza Units, the Fortune Plaza Units and the Victory Plaza Units do not expressly provide for any early termination mechanism by the tenants. As such, a tenant which unilaterally terminates its lease before expiry of the lease term will be liable for the contract amounts payable for the remaining term of the lease. For all the Properties, the landlord has the right to terminate a lease upon the occurrence of certain events, such as non-payment of rent for at least six months cumulatively or breach of covenants by the tenants.

Under the typical tenancy agreement for the Properties, provided that a tenant has not defaulted under its agreement, the tenant has a right of first refusal to renew the tenancy agreement upon the expiry of the original lease term if the existing tenant is willing to match the same lease terms (including rental rates) as a prospective new tenant, subject to the tenant giving the landlord prior notice to the landlord of its intention to renew.

Insurance

GZI REIT has insurance for the Properties that the Manager believes is consistent with industry practice in Guangzhou. These include comprehensive property insurance (including insurance against fire and flood) and public liability insurance. No significant or unusual excess or deductible amounts are required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including losses resulting from war, nuclear contamination, earthquakes, acts of terrorism, epidemics and acts of god.

The Manager believes that there are no significant differences between the extent of insurance coverage for the Properties and commercial properties in Hong Kong, and that there are no significant differences between the claims recovery processes in Guangzhou and Hong Kong.

Litigation

None of GZI REIT, the Manager, the Leasing Agents, Holdco and the BVI Companies is currently involved in any material litigation nor, to the best of the Manager's knowledge, is any material litigation currently threatened against any of the foregoing.

Rental Growth Prospects

The Manager has commissioned Cushman & Wakefield (HK) Limited, the Independent Market Research Consultant, to prepare a report on the Guangzhou commercial property market. Among other things, the Independent Market Research Consultant analysed the 10-year rental growth prospects for the Properties and concluded as follows:

- The open market rental growth rate of the White Horse Units is expected to largely follow the growth pattern of the prime retail market of Guangzhou. However, the recent rental increases may limit the ability of GZI REIT to raise rents in the future.
- In respect of the Fortune Plaza Units, the open market rental growth rate of the office portion is expected to perform better than the overall Guangzhou Grade A office market because of its prime location within the Tian He CBD while the open market rental growth rate of the retail portion is projected to perform on par with the overall prime retail market in Guangzhou.
- As for the City Development Plaza Units, the open market rent for the office portion will follow the growth pattern in the overall Guangzhou Grade A office market whereas the open market rent for the retail portion will experience a slower rate of growth than the overall prime market owing to its small size and less eye-catching entrances compared with large-scale shopping centres in the vicinity.
- Similarly, the open market rent for the Victory Plaza Units are expected to largely follow the growth pattern of the overall Guangzhou prime retail market save for the next two years, where the construction of the two tower blocks over the podium is expected to negatively affect the growth rate.

The Manager has considered and reviewed such growth forecasts and believe that they are reasonable.

Competition

The commercial property sector in Guangzhou is a competitive market. The principal competitive factors include rental rates, quality and location of properties, supply of comparable commercial space and the changing needs of commercial space users.

Fortune Plaza, City Development Plaza and Victory Plaza are all located in the Tian He CBD and face competition from the other commercial properties in the area as well as from new properties which are still under development. Other Grade A commercial buildings in the Tian He CBD which compete with Fortune Plaza and City Development Plaza for office-space users include CITIC Tower (中信廣場), Guangzhou Metro Plaza (大都會廣場) and Xin Chuang Ju Building (新創舉大廈). Zhong Cheng Plaza (中誠廣場) and Guang Cheng Plaza (廣晟大廈), which are currently under construction, will also compete with Fortune Plaza and City Development Plaza for tenants when completed. Within short walking distance of Victory Plaza is Teem Plaza (天河城廣場), one of the largest shopping malls in Guangzhou, and Grandview Plaza (正佳廣場). Further competition will be posed by the underground shopping arcade to be located in the proposed walkway between Victory Plaza and the metro station along the No. 3 metro line currently under construction.

While the other office and/or retail buildings in the Tian He CBD compete with Fortune Plaza, City Development Plaza and Victory Plaza for tenants and shoppers, their presence also enhances the district's status as the prime office and retail location in Guangzhou, which ultimately benefits GZI REIT's properties in that location in terms of creating greater overall demand for commercial space and possibly also increasing the value of the relevant Properties.

In January 2003, the Municipal Government of Guangzhou announced the Review of Planning of Pearl River New City, in which Pearl River New City in Tian He District was positioned as the core area for future development within Guangzhou. The review highlighted a new urban development scheme for the CBD of Guangzhou, namely Guangzhou Central Business District of the 21st Century. The main focus of this development scheme will be centered around the core area of Tian He (ie. 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 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 (eg. 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.

White Horse Building is located in a district with a concentration of properties which are positioned as centres for garment wholesale and retail trades, e.g. Sky Horse Garment Market and Hong Mian Garment Market. However, White Horse Building is able to capitalise on its reputation as one of the garment wholesale and retail centres in the PRC with a well established and successful operating history.

Risk of Competition with the GZI Group

GZI is a connected person of GZI REIT as it is the holding company of the Manager and the Leasing Agents, and is also expected to be a significant holder immediately after the Listing Date. GZI is actively engaged in, among other things, the provision of property management, leasing, marketing and tenancy management services to properties developed by the GZI Group or other properties in which it has an interest.

As at 30 September 2005, the GZI Group had approximately 600,000 sq.m. of land bank available for development in the Tian He CBD in Guangzhou, which has been earmarked for commercial development. The West tower of Mega-Twin Commercial Tower is currently under development on part of the land reserve. The commercial portions of the West tower fall with the parameters of the right of the first refusal granted by GZI (see the section headed “Offering Circular Summary — Key Investment Highlights” in this Offering Circular). With the transfer of the Properties to GZI REIT, the GZI Group has no other completed Grade A commercial buildings in its property portfolio.

Potential conflicts of interest may therefore arise in relation to leasing and marketing opportunities. Comprehensive measures have been adopted to address concerns about such potential conflicts of interest between the GZI Group and GZI REIT (see the section headed “The Manager — Conflicts of Interest” of this Offering Circular). With such measures in place, the Manager believes that the Leasing Agents are capable of performing, and shall perform, their duties to GZI REIT under the Tenancy Services Agreements independently of the GZI Group’s other leasing and marketing businesses, and in the best interests of GZI REIT and Unitholders.

While GZI has granted to GZI REIT a right of first refusal, 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), the Manager currently has no plans for GZI REIT to acquire any other properties from the GZI Group. The Manager will make a public announcement if any such plans arise in the future.

Any acquisition pursuant to the right of first refusal is subject to the satisfaction of the terms and conditions thereunder and compliance with applicable requirements of the REIT Code at the relevant time (including, where relevant, the requirement for Unitholders’ approval).

WHITE HORSE UNITS

Description

The White Horse Units are owned by Partat, a company incorporated on 20 September 2001 in the BVI. Partat is a special purpose vehicle whose sole business activity is the ownership and operation of the White Horse Units.

The White Horse Building is a multi storey commercial building with a total of eight levels above ground, a lower ground level and a basement comprising a car park.

The White Horse Units consist of part of the lower ground level (comprising a stairway/corridor area and storage areas for equipment) as well as the 2nd to 9th storeys in White Horse Building. The building has a total of eight levels above ground, a lower ground level and a basement comprising a car park. The 1st storey (which is on the lower ground level) is owned and managed by the Guangzhou Xi Jiao Villagers' Committee (which is unrelated to GZI) and is separately operated as the Xi Jiao Market, which similarly deals in fashion apparel. The 2nd to 7th storeys in the White Horse Building form a marketplace for wholesalers and retailers of fashion apparel and accessories but also include complementary businesses such as fast food outlets and a bank. A two-storey hall used to host events such as runway fashion shows is also located on the 2nd storey. The 8th and 9th storeys of White Horse Building are currently used as offices and warehouse facilities, mainly by the tenants in the 2nd to 7th storeys. The White Horse Units account for 81.4% of the total Gross Floor Area of White Horse Building. 9.2% of the total Gross Floor Area (comprising the car park) is owned by White Horse JV (a subsidiary of GZI and therefore a connected person of GZI) and the remaining 9.4% is owned by the Guangzhou Xi Jiao Villager's Committee.

The Manager proposes to renovate the 8th and 9th storeys of the White Horse Units for wholesale/retail use. Towards this end, it has stopped renewing existing leases and signing new leases for these two floors. It expects GZI REIT to have vacant possession of these two floors by 1 January 2006. The estimated cost of such renovation works is approximately HK\$5.8 million, which will be funded from an aggregate amount of HK\$26.7 million retained from the proceeds of the Global Offering (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — The Reorganisation Deed" in this Offering Circular). The renovation is expected to be completed before May 2006 and is expected to generate additional Rental Income of HK\$2.2 million in FY2006 as compared to the Rental Income which could be achieved based on the existing usage of the two storeys.

With over 960 tenants in the garment wholesale and retail trades as at 30 September 2005 and a waiting list of persons seeking to rent space in the building, White Horse Building attracts a wide range of wholesalers/retailers and customers from both the PRC and overseas (including Russia and the Middle East), and is one of the centres of the garment wholesale and retail trades in the PRC. The business of the garment wholesalers and retailers in the building is enhanced by facilities such as well-positioned escalators which facilitate the flow of human traffic, dedicated cargo lifts for the transportation of bulky goods and a fire monitoring and security system which ensures the safety of tenants and shoppers.

White Horse Building's location, which is directly opposite the Guangzhou train station and long distance bus station, as well as its proximity to the Guangzhou Huo Che Zhan underground metro station on the No. 2 Metro Line adds to its appeal because of the easy availability of long distance transportation for the bulk shipment of garments and other goods that customers purchase at White Horse Building. The new Bai Yun International Airport (白雲國際機場) in Guangzhou, which commenced operations in August 2004, has also boosted Guangzhou's accessibility by air and White Horse Building is expected to benefit from an increased number of customers from afar.

White Horse Building twice underwent addition and alteration works, once between 1995 and 1997 and again between 1998 and 2000. Between 1995 and 1997, the open courtyard of the building was converted into an events hall used to accommodate a food court and to stage fashion events. Between 1998 and 2000, the north and west wings of the building were extended outwards between the 3rd and 7th storeys, and a further two storeys were added to the building to form the 8th and 9th storeys. The two addition and alteration projects added another 15,250 sq.m. to the building's Gross Floor Area.

White Horse Building has been the recipient of numerous awards almost since it first commenced operations, including the Municipal Model Market Award (市文明市場) in 1994, the Province Model Market Award (省文明市場) in 1996, the State Market Award (全國文明市場) in 1995 and the 10 Largest Garment Wholesale Market Award in 2005. The building is also ISO 9001 certified for the quality of its management systems.

For each of FY2002, FY2003 and FY2004 as well as the nine months ended 30 September 2005, the White Horse Units enjoyed full occupancy.

Tenant Profile

The current leases of the tenants in the White Horse Units are generally for terms of one to three years while the new leases commencing on 1 January 2006 will be for terms of four to five years. Such leases grant the tenants a right of first refusal to enter into a further tenancy agreement upon the expiry of their original leases. (See the sub-section headed "Tenancy Agreements" above for other key terms of the tenancy agreements, including early termination provisions.)

In line with the positioning of White Horse Building as a garment wholesale and retail market, businesses and individuals engaged in the garment wholesale and retail trades were by far the largest contributors to the monthly base rent for September 2005, accounting for more than 98.7% of the aggregate monthly base rent for September 2005. The office/warehouse tenants and the complementary businesses in the building accounted for the remaining 1.3% of the monthly base rent for September 2005.

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The table below sets out information on the 10 largest tenants of the White Horse Units in terms of total monthly base rent for September 2005:

Tenant	Business sector	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent (%)
徐新 (Xu Xin)	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	216.4	0.4	0.8
陳雙霞 (Chen Shuang Xia)	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	334.5	0.7	0.7
謝麗娜 (Xie Li Na)	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	495.2	1.0	0.7
姚瞻豪 (Yao Zhan Hao)	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	312.4	0.7	0.6
吳華英 (Wu Huaying)	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	285.0	0.6	0.6
交通銀行廣州分行白雲支行 (Bank of Communications Guangzhou Branch)	Banking	31 Dec 2005	265.2	0.5	0.6
Tenant WH1 ⁽³⁾	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	538.7	1.1	0.6
Tenant WH2 ⁽³⁾	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	192.1	0.4	0.5
謝秋生 (Xie Qiu Sheng)	Garment wholesale/retail	31 Dec 2005 ⁽²⁾	210.8	0.4	0.5
牟志毅 (Mou Zhi Yi)	Garment wholesale/retail	31 Dec 2005	472.5	1.0	0.5
10 largest tenants by total monthly base rent			3,322.8	6.8	6.1
Other tenants			45,684.4	93.2	93.9
Vacant space			—	—	—
Total			49,007.2	100.0	100.0

Notes:

- (1) As at 30 September 2005.
- (2) Renewed till 31 December 2009 or 31 December 2010.
- (3) These tenants have not been identified as they have not consented to the disclosure of their names in this Offering Circular.

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None of these tenants is a connected person of GZI REIT.

Expiries and Renewals

1,307 of the current leases in the White Horse Units will terminate on 31 December 2005. 1,246, or 95.3%, of these expiring leases have been renewed till 31 December 2009 or 31 December 2010.

The table below sets out, for the periods indicated, details of expiries in respect of tenancies in the White Horse Units as at 30 September 2005 (without taking into account the new leases for the White Horse Units commencing 1 January 2006):

Period	Total number of leases expiring		Gross Rentable Area of leases expiring		Expiring leases as a percentage of total Gross Rentable Area	Expiring leases as a percentage of total monthly base rent ⁽¹⁾
		(%)	(sq.m.)	(%)	(%)	(%)
1 October 2005 - 31 December 2005	1,307 ⁽²⁾	99.7	48,573.0	99.1	99.1	99.9
FY2006	0 ⁽³⁾	0.0	0	0.0	0.0	0.0
FY2007	0 ⁽³⁾	0.0	0	0.0	0.0	0.0
FY2008	0 ⁽³⁾	0.0	0	0.0	0.0	0.0
FY2009	1 ⁽³⁾	0.1	129.8	0.3	0.3	0.07
FY2010 and beyond	3 ⁽³⁾	0.2	304.4	0.6	0.6	0.03
Total	1,311	100.0	49,007.2	100.0	100.0	100.0

Notes:

- (1) Calculated as a percentage of the total monthly base rent of the White Horse Units for September 2005.
- (2) Of these 1,307 leases, 1,246 (95.3%) have been renewed till 31 December 2009 or 31 December 2010.
- (3) Assuming that the right of first refusal to enter into a further tenancy agreement for leases expiring in the earlier periods set out in the table is not exercised.

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The table below sets out, for the periods indicated, details of expiries in respect of tenancies in the White Horse Units as at 30 September 2005 (taking into account the new leases for the White Horse Units commencing 1 January 2006):

Period	Total number of leases expiring		Gross Rentable Area of leases expiring	
		(%)	(sq.m.)	(%)
1 October 2005 - 31 December 2005	61	4.7	4,082.9	8.3
FY2006	0 ⁽¹⁾	0.0	0	0.0
FY2007	0 ⁽¹⁾	0.0	0	0.0
FY2008	0 ⁽¹⁾	0.0	0	0.0
FY2009	588 ⁽¹⁾	44.8	13,022.0	26.6
FY2010 and beyond	662 ⁽¹⁾	50.5	31,902.3	65.1
Total	1,311	100.0	49,007.2	100.0

Note:

- (1) Assuming that the right of first refusal to enter into a further tenancy agreement for leases expiring in the earlier periods set out in the table is not exercised.

FORTUNE PLAZA UNITS

Description

The Fortune Plaza Units are owned by Moon King, a company incorporated on 20 September 2001 in the BVI. Moon King is a special purpose company whose sole business activity is the ownership and operation of the Fortune Plaza Units.

Having only been completed in the second half of 2003, Fortune Plaza is one of the newest Grade A commercial buildings in Guangzhou's Tian He CBD. The building is located on Ti Yu Dong Road (體育東路). It consists of two tower blocks above a 6-storey podium and two levels of underground car parks. The East tower rises from the 8th to 37th storeys above the podium and the West tower rises from the 8th to 28th storeys above the podium. As a modern commercial development, Fortune Plaza is equipped with an automated communication system which brings fixed line and mobile telecommunications and cable facilities and services to tenants in the building, an automated office system which combines a property management information system, a digital bulletin board system and a digital touch-screen search facility, as well as a modern fire monitoring and security system. The large floor-plate of the podium is suitable for the business space requirements of banks and other financial institutions. A basement car park serves the tenants of and visitors to Fortune Plaza.

Fortune Plaza stands directly above the Ti Yu Zhong Xin underground metro station (體育中心地鐵站), which lies at the intersection of the existing No. 1 metro line and a branch of the No. 3 metro line that is currently under construction, the first section of which is scheduled to open by the end of 2005. Fortune Plaza is situated within walking distance of all the other commercial buildings around the Tian He Stadium.

The Fortune Plaza Units comprise 35 strata units in the West tower, 43 units in the East tower and five strata units in the podium of Fortune Plaza. The Fortune Plaza Units account for 50.2% of the building's total Gross Floor Area of 80,419.1 sq.m., 15.5% of the total Gross Floor Area (comprising certain units in the podium⁽¹⁾, certain units in the West tower, a clubhouse and the car park) is owned by GCCD (a subsidiary of GZI and therefore a connected person of GZI REIT) and the remaining 34.3% is owned by unrelated third parties.

Tenant Profile

The 10 largest tenants (in terms of monthly base rent for September 2005) in the Fortune Plaza Units include 匯豐電子資料處理(廣東)有限公司 (HSBC Electronic Data Processing (Guangdong) Limited), 加德士(中國)投資有限公司廣州分公司 (Jia De Shi (China) Investment Co., Ltd.) and 阿里巴巴(中國)網絡技術有限公司 (Alibaba (China) Technology Co., Ltd.). A majority of the leases of the Fortune Plaza Units are for terms of between one and three years (the longest of which is for five years)

(1) GCCD has signed a memorandum of understanding with a third party to sell these podium units (which account for 0.6% of the total Gross Floor Area of Fortune Plaza).

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and grant the tenants a right of first refusal to renew their leases upon the expiry of their original leases. The typical lease for the Fortune Plaza Units does not expressly provide for any early termination mechanism by the tenants. (See the sub-section headed “Tenancy Agreements” above.)

Given that Fortune Plaza is primarily an office development, the office tenants in the Fortune Plaza Units account for 97.3% of the aggregate monthly base rent of the Fortune Plaza Units for September 2005 and the retail tenants account for 2.7% of the aggregate monthly base rent for September 2005.

The table below sets out information on the 10 largest tenants of the Fortune Plaza Units in terms of total monthly base rent for September 2005:

Tenant	Business sector	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent (%)
匯豐電子資料處理(廣東)有限公司 (HSBC Electronic Data Processing (Guangdong) Limited)	Banking	31 Jan 2008	8,550.2	21.2	23.8
阿里巴巴(中國)網絡技術有限公司 (Alibaba (China) Technology Co., Ltd.)	E-commerce	31 Aug 2007	2,092.4	5.1	6.3
內蒙古億霖木業有限責任公司 北京諮詢分公司 (Nei Meng Gu Yi Lin Mu Ye Co., Ltd.)	Services	20 Jul 2007	2,000.0	4.9	5.0
中國石油天然氣有限公司 化工與銷售華南分公司 (China National Petroleum Co., Ltd.)	Petroleum	11 Apr 2007	1,188.4	2.9	4.0
加德士(中國)投資有限公司廣州分公司 (Jia De Shi (China) Investment Co., Ltd.)	Petroleum	30 Sep 2008	997.7	2.5	3.9
廣州市海溢房地產發展有限公司 (Guangzhou Hai Yi Property Development Co., Ltd.)	Real Estate	7 Sep 2007	999.0	2.5	3.5
阿斯利康制药有限公司 (Astra Zeneca Pharmaceutical Co., Ltd.)	Pharmaceutical	31 Mar 2007	997.7	2.5	3.5

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Tenant	Business sector	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent (%)
國旅運通華南航空服務有限公司 (Guo Lu Yun Tong Hua Nan Airline Services Co., Ltd.)	Logistics	9 Aug 2008	999.0	2.5	3.5
上海遠雄商務服務有限公司 (Glory Business Services Co., Ltd. Guangzhou Branch)	Services	9 May 2009	997.6	2.5	3.3
香港德迅貨運代理有限公司辦事處 (Kuehne & Nagel Limited, Guangzhou Representative Office)	Logistics	30 Sep 2007	997.7	2.5	3.2
10 largest tenants by total monthly base rent			19,819.7	49.1	60.0
Other tenants			11,216.9	27.8	40.0
Vacant space			9,319.6	23.1	—
Total			40,356.2	100.0	100.0

Note:

(1) As at 30 September 2005.

Save for HSBC Electronic Data Processing (Guangdong) Limited, an associate of the Trustee, none of these tenants is a connected person of GZI REIT. (See Appendix X to this Offering Circular for a full list of tenancies in the Properties with connected persons.)

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Expiries and Renewals

The table below sets out, for the periods indicated, details of expiries in respect of tenancies at the Fortune Plaza Units as at 30 September 2005:

Period	Total number of leases expiring		Gross Rentable Area of leases expiring/vacant space		Expiring leases/vacant space as a percentage of total Gross Rentable Area	Expiring leases as a percentage of total monthly base rent ⁽¹⁾
	(%)	(sq.m.)	(%)	(%)	(%)	(%)
1 October 2005 —						
31 December 2005	2	3.8	350.2	1.1	0.9	1.3
FY2006	16 ⁽²⁾	30.2	3,066.5	9.9	7.6	10.4
FY2007	26 ⁽²⁾	49.0	14,034.0	45.2	34.8	46.9
FY2008	7 ⁽²⁾	13.2	12,092.3	39.0	30.0	36.5
FY2009	2 ⁽²⁾	3.8	1,493.6	4.8	3.7	4.9
FY2010 and beyond	—	—	—	—	—	—
Sub-total	53	100.0	31,036.6	100.0	77.0	100.0
Vacant space	n.a.	n.a.	9,319.6	n.a.	23.0	n.a.
Total	n.a.	n.a.	40,356.2	n.a.	100.0	n.a.

Notes:

- (1) Calculated as a percentage of the total monthly base rent of the Fortune Plaza Units for September 2005.
- (2) Assuming that the right of first refusal to enter into a further tenancy agreement for leases expiring in the earlier periods set out in the table is not exercised.

CITY DEVELOPMENT PLAZA UNITS

Description

The City Development Plaza Units are owned by Full Estates, a company incorporated on 20 September 2001 in the BVI. Full Estates is a special purpose vehicle whose sole business activity is the ownership and operation of the City Development Plaza Units.

City Development Plaza is a Grade A commercial building located in the heart of Guangzhou's Tian He CBD. The 28-storey building has a glass façade and comprises a five-storey retail podium with a single office tower rising 23 storeys over the podium. The retail element in the podium is primarily positioned to serve the needs of office workers in the building and from other buildings in the vicinity. Contained within the podium are businesses such as beauty salons and food and beverage outlets. The building has an underground car park that does not form part of the City Development Plaza Units. City Development Plaza overlooks the Tian He Stadium (天河體育中心), which is the focal point of the Tian He CBD, and is fronted by a civic plaza which sets the building back from the road in front of it.

City Development Plaza is within walking distance of all the other commercial buildings around the Tian He Stadium as well as the Ti Yu Xi Road underground metro station, which lies at the intersection of the existing No. 1 metro line and the No. 3 metro line that is currently under construction, the first section of which is scheduled to open by the end of 2005. The accessibility of public transportation and the building's central location within the Tian He CBD makes space in City Development Plaza attractive to businesses for the commuting convenience it offers to office workers.

In 1999, City Development Plaza was awarded the National Lu Ban Prize (國家魯班獎) for construction excellence, the highest award granted by the Ministry of Construction (國家建設部) and the China Construction Industry Association (中國建築業協會). In 2000, the building was also awarded the National Prize for Excellence in Property Management (全國物業管理示範大廈獎項) by the Ministry of Construction.

The City Development Plaza Units comprise 165 strata units in City Development Plaza (six in the podium and 159 in the tower block), which account for 57.3% of the building's total Gross Floor Area of 74,049.2 sq.m. The space occupied by GCCD's offices as well as a clubhouse, a restaurant and the car park (together accounting for 36.8% of the building's total Gross Floor Area) has been retained by GCCD (a subsidiary of GZI and therefore a connected person of GZI REIT). The remaining 5.9% of the building's total Gross Floor Area is owned by unrelated third parties.

The office element of the City Development Plaza Units accounts for 72.3% of the aggregate Gross Rentable Area of the City Development Plaza Units. For the nine months ended 30 September 2005, the City Development Plaza Units enjoyed an average occupancy rate of 89.9%.

Tenant Profile

The 10 largest tenants (in terms of monthly base rent for September 2005) in the City Development Plaza Units include 廣東移動通信有限公司 (Guangdong Mobile Communications Co., Ltd.), 泰康人壽保險股份有限公司廣州分公司 (Taikang Life Insurance Co. Ltd. Guangzhou Branch), 深圳發展銀行廣州分行羊城支行 (Yangcheng Sub-branch of Guangzhou Branch, Shenzhen Development Bank) and 廣州中遠國際貨運有限公司 (Cosco Guangzhou International Freight Co. Ltd.). The leases of these tenants range from terms of one year to nine years, and grant the tenants a right of first refusal to enter into a further tenancy agreement upon the expiry of their original leases. The typical lease for the City Development Plaza Units does not expressly provide for any early termination mechanism by the tenants. (See the sub-section headed “Tenancy Agreements” above.)

Reflecting City Development Plaza’s configuration as an office building with a supporting retail element, the office tenants were the most significant contributors to the monthly base rent of the City Development Plaza Units for September 2005, accounting for 81.1% of the aggregate monthly base rent for the Property, while the retail tenants accounted for the balance of 18.9%.

The table below sets out information on the 10 largest tenants of the City Development Plaza Units in terms of total monthly base rent for September 2005:

Tenant	Business sector	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent (%)
廣東移動通信有限公司 (Guangdong Mobile Communications Co., Ltd.)	Communications	30 Apr 2008	3,688.7	8.7	12.3
易方達基金管理有限公司 (Efund Management Co. Ltd.)	Finance	31 Aug 2006	1,844.3	4.4	5.9
		and 16 Oct 2006	and 1,844.3	and 4.4	and 5.8
廣州智慧谷發展有限公司 (Guangzhou Wisdom Valley Development Company Limited)	Services	30 Jun 2010	7,830.0	18.5	9.5
廣州中遠國際貨運有限公司 (Cosco Guangzhou International Freight Co. Ltd.)	Transportation	31 Aug 2006	2,997.1	7.1	8.8
泰康人壽保險股份有限公司廣州分公司 (Taikang Life Insurance Co. Ltd. Guangzhou Branch)	Insurance	31 Dec 2007	2,431.9	5.7	6.1

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Tenant	Business sector	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent (%)
深圳發展銀行廣州分行羊城支行 (Yangcheng Sub-branch of Guangzhou Branch, Shenzhen Development Bank)	Banking	31 Oct 2007	694.2	1.6	5.2
金盛人壽保險有限公司廣州分公司 (Axa-Minmetals Assurance Co. Ltd. Guangzhou Branch)	Finance	19 Nov 2006	1,844.3	4.3	4.7
廣州城建開發興業房地產中介有限公司 (Guangzhou City Construction & Development Xingye Property Agent Ltd.)	Property agency	31 Dec 2005	1,528.8	3.6	4.6
廣州市盈海文化傳播有限公司 (Guangzhou Ying Hai Wen Hua Broadcasting Co., Ltd.)	Media	31 Dec 2006	334.6	0.8	0.9
		and 30 Sep 2007	and 818.1	and 1.9	and 2.2
越秀投資有限公司 (Guangzhou Investment Company Limited)	Finance	31 Dec 2007	1,060.5	2.5	2.9
10 largest tenants by total monthly base rent			26,916.8	63.5	68.9
Other tenants			11,642.6	27.5	31.1
Vacant space			3,838.0	9.0	—
Total			42,397.4	100.0	100.0

Note:

(1) As at 30 September 2005.

Guangzhou City Construction & Development Xingye Property Agent Ltd. and Yue Xiu Investment Co., Ltd. are both connected persons of GZI REIT. (See Appendix X to this Offering Circular for a full list of tenancies in the Properties with connected persons.)

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Expiries and Renewals

The following table sets out information on leases at the City Development Plaza Units that have expired and those that have been renewed by the existing tenants during the periods indicated:

	Number of leases expired	Gross Rentable Area of expired leases (sq.m.)	Number of expired leases renewed	Total renewed Gross Rentable Area (sq.m.)	Renewal rate by number of leases expired (%)	Renewal rate by expired leased area (%)
FY2003	38	10,773.7	11	4,229.2	29.0	39.3
FY2004	37	10,864.3	18	6,410.5	48.6	59.0
Nine months ended 30 September 2005	32	10,850.2	13	6,016.5	40.6	55.5
Total/Average	107	32,488.2	42	16,656.2	39.3	51.3

The following table sets out, for the periods indicated, details of expiries in respect of tenancies at the City Development Plaza Units as at 30 September 2005:

Period	Total number of leases expiring (%)		Gross Rentable Area of leases expiring/vacant space (sq.m.)		Expiring leases/vacant space as a percentage of total Gross Rentable Area (%)	Expiring leases as a percentage of total monthly base rent ⁽¹⁾ (%)
1 October 2005 to 31 December 2005	11	16.2	3,626.0	9.4	8.6	10.3
FY2006	36 ⁽²⁾	52.9	13,594.9	35.3	32.1	38.4
FY2007	17 ⁽²⁾	25.0	8,458.9	21.9	19.9	25.9
FY2008	3 ⁽²⁾	4.4	5,049.6	13.1	11.9	15.9
FY2009	0 ⁽²⁾	0.0	0.0	0.0	0.0	0.0
FY2010 and beyond	1 ⁽²⁾	1.5	7,830.0	20.3	18.5	9.5
Sub-total	68	100.0	38,559.4	100.0	91.0	100.0
Vacant space	n.a.	n.a.	3,838.0	n.a.	9.0	n.a.
Total	n.a.	n.a.	42,397.4	n.a.	100.0	n.a.

Notes:

- (1) Calculate as a percentage of total monthly base rent of the City Development Plaza Units for September 2005.
- (2) Assuming the right of first refusal to enter into a further tenancy agreement for leases expiring in earlier periods set out in the table is not exercised.

VICTORY PLAZA UNITS

Description

The Victory Plaza Units are owned by Keen Ocean, a company incorporated on 20 September 2001 in the BVI. Keen Ocean is a special purpose vehicle whose sole business activity is the ownership and operation of the Victory Plaza Units.

Victory Plaza is designed to be an integrated retail and office complex in the heart of Guangzhou's Tian He CBD. A six-storey podium was completed in 2003 together with four underground levels which accommodate an electronic appliance chain store (occupying part of basement 1) and a car park occupying basements 1 to 4. The Victory Plaza Units consist of the entire six-storey podium as well as that part of basement 1 which houses the electronic appliance chain store. The podium is occupied by retail outlets, fast food outlets and restaurants as well as leisure facilities. Work commenced on two tower blocks over the podium in September 2004. The two tower blocks do not form part of the Victory Plaza Units. They are expected to be completed by 2007 and will be for office use.

Victory Plaza features a six-storey glass atrium over its entrance and a paved pedestrian mall in front of the building. Victory Plaza is situated at the junction of Tian He Road (天河路) and Ti Yu Xi Road (體育西路), two busy thoroughfares within the Tian He CBD. Located next to the Guangzhou Book Centre (廣州購書中心) and within close proximity of Teem Plaza (one of the largest shopping malls in Guangzhou) and Grandview Plaza, Victory Plaza is positioned to take advantage of the crowds attracted by these other retail centres.

Situated among the numerous office buildings in the Tian He CBD, Victory Plaza has a natural and growing market consisting primarily of white-collar workers in the Tian He CBD. When the two tower blocks at the property are completed, the retail outlets, fast food outlets and restaurants as well as leisure facilities in Victory Plaza will also cater to office workers there. Additionally, Victory Plaza is within a short walk of the Ti Yu Xi Road underground metro station on the No. 1 metro line. When the No. 3 metro line that is currently under construction commences operations (the first section is scheduled to open by the end of 2005), shoppers travelling to the Tian He CBD on the No. 1 and No. 3 metro lines will enjoy direct underground access to basement 1 of Victory Plaza from the station. The Manager understands that this proposed walkway between the metro station and Victory Plaza will house an underground shopping arcade, and anticipates that shopper traffic through Victory Plaza will increase significantly when the walkway comes into operation.

Tenant Profile

The 10 largest tenants (in terms of monthly base rent for September 2005) in the Victory Plaza Units mainly comprise retail businesses as well as food and beverage businesses. A significant number of the leases of these tenants are for terms of at least two years (the longest of which is for 10 years) and grant the tenants a right of first refusal to enter into a further tenancy agreement upon the expiry of their original leases. The typical lease for the Victory Plaza Units does not expressly provide for any early termination mechanism by the tenants. (See the sub-section headed “Tenancy Agreements” above.)

Tenants in the food and beverage business and the retail business respectively accounted for approximately 26.1% and 67.7% of the monthly base rent of the Victory Plaza Units for September 2005.

The table below sets out information on the 10 largest tenants of the Victory Plaza Units in terms of total monthly base rent for September 2005:

Tenant	Business sector	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent (%)
廣州市新大新公司 (Guangzhou Xindaxin Co., Ltd.)	Department store	31 Mar 2010	12,484.6	45.8	42.9
廣州市國美電器有限公司 (Guangzhou GOME Electrical Appliances Co. Ltd.)	Electrical appliances	31 May 2011	1,918.0	7.0	12.2
招商銀行廣州分行 (China Merchants Bank Guangzhou Branch)	Banking	17 Oct 2008	775.6	2.8	6.3
百勝餐飲有限公司 (Yum! Restaurants (Guangdong) Co., Ltd.)	Food and beverage	9 Dec 2013	840.0	3.1	5.8
廣州僑美發展有限公司 (Guangzhou Qiao Mei Fa Zhan Company Limited)	Food and beverage	9 Dec 2013	3,017.8	11.1	5.4
陳慧儀 (Chen Hui Yi)	Food and beverage	30 Apr 2014	2,773.2	10.2	5.2

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Tenant	Business sector	Expiry date	Gross Rentable Area ⁽¹⁾ (sq.m.)	Percentage of total Gross Rentable Area (%)	Percentage of total monthly base rent (%)
張麗芬 (Zhang Li Fen)	Retail	17 Oct 2006	378.2	1.4	4.8
周彩霞 (Zhou Cai Xia)	Retail/Food and beverage	15 Oct 2008	77.0	0.3	0.6
		and 30 Apr 2014	and 1,996.7	and 7.3	and 3.7
上海哈根達斯食品有限公司 (Shanghai Häagen-Dazs Co., Ltd.)	Food and beverage	31 Aug 2009	318.2	1.2	3.2
廣州市佬湘飲食有限公司 (Guangzhou Lao Xiang Diet Co. Ltd.)	Food and beverage	17 May 2012	1,585.4	5.8	2.8
10 largest tenants by total monthly base rent			26,164.7	96.0	92.9
Other tenants			1,097.6	4.0	7.1
Vacant space			—	—	—
Total			27,262.3	100.0	100.0

Note:

(1) As at 30 September 2005.

None of these tenants is a connected person of GZI REIT.

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Expiries and Renewals

The table below sets out, for the periods indicated, details of expiries in respect of tenancies at the Victory Plaza Units as at 30 September 2005:

Period	Total number of leases expiring		Gross Rentable Area of leases expiring/vacant space		Expiring leases/vacant space as a percentage of total Gross Rentable Area	Expiring leases as a percentage of total monthly base rent ⁽¹⁾
	(%)	(sq.m.)	(%)	(%)	(%)	(%)
1 October 2005 to 31 December 2005	0	0.0	0.0	0.0	0.0	0.0
FY2006	8 ⁽²⁾	33.3	776.7	2.8	2.8	7.8
FY2007	2 ⁽²⁾	8.3	183.0	0.7	0.7	1.5
FY2008	5 ⁽²⁾	20.9	1,145.9	4.2	4.2	8.7
FY2009	2 ⁽²⁾	8.3	541.1	2.0	2.0	4.0
FY2010 and beyond	7 ⁽²⁾⁽³⁾	29.2	24,615.6 ⁽³⁾	90.3	90.3 ⁽³⁾	78.0 ⁽³⁾
Sub-total	24	100.0	27,262.3	100.0	100.0	100.0
Vacant space	n.a.	n.a.	—	n.a.	—	n.a.
Total	n.a.	n.a.	27,262.3	n.a.	100.0	n.a.

Notes:

- (1) Calculated as a percentage of total monthly base rent of the Victory Plaza Units for September 2005.
- (2) Assuming that the right of first refusal to enter into a further tenancy agreement for leases expiring in the earlier periods set out in the table is not exercised.
- (3) The majority of these leases are with tenants in the food and beverage business, who typically enter into longer lease terms due to higher expenditure on renovations of their premises. In addition, one of these leases is with Guangzhou Xindaxin Co., Ltd., an anchor tenant which occupies a Gross Rentable Area of 12,484.6 sq.m. under a lease expiring in March 2010.

Past Transactions of the Properties

Transactions involving transfers of title to the Properties for the last five years preceding the Latest Practicable Date are described below.

White Horse Units

In 2000, the White Horse Building was owned by GCCD Group. According to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce (previously known as the Ministry of Foreign Trade and Economic Cooperation), the lower ground floor as well as the 2nd, 3rd, 4th, 6th, 7th, 8th and 9th storeys of White Horse Building were transferred from GCCD Group to White Horse JV in December 2002, and the 5th storey of White Horse Building was transferred from GCCD Group to Xingcheng on 21 November 2002. On 3 December 2002, White Horse JV obtained the Building Ownership Certificates for the 2nd, 3rd, 4th, 6th and 7th storeys of White Horse Building.

On 26 October 2004, the title to the 5th storey of White Horse Building was transferred from Xingcheng to White Horse JV pursuant to the Approval (2004) No. 198 issued by the Guangzhou Land Bureau and a Building Ownership Certificate for the 5th storey of White Horse Building was issued to White Horse JV.

On 15 July 2005, the Building Ownership Certificates for the lower ground floor as well as the 8th and 9th storeys of White Horse Building were issued to White Horse JV.

On 19 October 2005, in accordance with the Approval (2005) No. 1392 issued by the Guangzhou Land Bureau, the title to the lower ground floor as well as the 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th storeys of White Horse Building was transferred from White Horse JV to Partat and Partat obtained the Building Ownership Certificates in respect of all nine White Horse Units.

Fortune Plaza Units

In 2000, the Fortune Plaza was still under construction and was owned by GCCD Group. According to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce (previously known as the Ministry of Foreign Trade and Economic Cooperation), the property then still under development was transferred from GCCD Group to GCCD in December 2002.

On 10 September 2004, in accordance with the Approval (2004) No. 198 issued by the Guangzhou Land Bureau, the title in respect of 31 strata units comprised in the Fortune Plaza Units were transferred from GCCD to Moon King.

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On 8 August 2005, pursuant to the Approval (2005) No. 1392 issued by the Guangzhou Land Bureau, the title in respect of 52 strata units comprised in the Fortune Plaza Units were transferred from GCCD to Moon King.

As a result of the transfers on 10 September 2004 and 8 August 2005, Moon King obtained 83 Building Ownership Certificates for the Fortune Plaza Units.

City Development Plaza Units

In 2000, the City Development Plaza Units were held by GCCD Group, via 164 Building Ownership Certificates and one title confirmation document.

According to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce (previously known as the Ministry of Foreign Trade and Economic Cooperation), the City Development Plaza Units were transferred from GCCD Group to GCCD in December 2002.

Pursuant to the Approval (2004) No.198 issued by the Guangzhou Land Bureau, the City Development Plaza Units were transferred from GCCD to Full Estates, and 165 Building Ownership Certificates were issued to Full Estates on 20, 21, 22 and 26 October 2004.

Victory Plaza Units

In 2000, the land on which Victory Plaza is located belonged to GCCD Group. According to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce (previously known as the Ministry of Foreign Trade and Economic Cooperation), the property then still under development was transferred from GCCD Group to GCCD in December 2002.

On 6 July 2005 and 15 July 2005, pursuant to the Approval (2004) No.198 and the Approval (2005) No. 1392 issued by the Guangzhou Land Bureau, the title to Victory Plaza Units were transferred from GCCD to Keen Ocean and Keen Ocean obtained nine Building Ownership Certificates for the Victory Plaza Units.

All the transactions described above were effected for nil consideration.

Acquisition by GZI of a 95.0% Interest in GCCD in 2002

In 2000, the Properties were held by GCCD Group, which was established in 1983 and was a state owned enterprise in the PRC under the supervision of Guangzhou Construction Commission (廣州市建設委員會). GCCD Group was one of the largest property developers in Guangzhou and held a substantial number of properties and development projects, including the Properties. Pursuant to the approval document Ji Wai Zi (2001) No. 1807 dated 25 September 2001 issued by the PRC State Development and Planning Commission (“SDPC”) (中國國家發展計劃委員會), a 95.0% interest in GCCD Group held by the Guangzhou Municipal

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People's Government was injected into Yue Xiu. The SDPC also approved Yue Xiu's disposal of its interest in the reorganised GCCD Group to GZI. For the purposes of the acquisition by GZI, GCCD Group underwent an internal reorganisation in order to rationalise the business and shareholding structure of its various business interests before being injected into Yue Xiu.

Immediately following such reorganisation, new sino-foreign joint venture companies (including GCCD) were established. These were owned as to 95.0% by GCCD BVI and the remaining interest by GCCD Group. (See the charts on pages 122 and 123 in this Offering Circular for an illustration of the ownership structures of the Properties immediately before and after the above reorganisation.)

On 20 December 2002, GZI completed the acquisition of, among other things, a 100.0% interest in GCCD BVI from Yue Xiu for a total consideration which represented a discount of 40.0% to the appraised audited net asset value of the assets acquired. On completion of the acquisition, the total fair value of the Properties of HK\$1,576.6 million was recorded in the financial statements of GZI.

For ease of reference, the following tables summarise the transactions described above:

White Horse Units

Date	Transferor	Transferee	Relevant Floors/Units	Mode of Transfer/ Applicable Document
December 2002	GCCD Group	White Horse JV	Lower ground floor, 2nd, 3rd, 4th, 6th, 7th, 8th and 9th storeys	By way of internal reorganisation pursuant to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce
21 November 2002	GCCD Group	Xingcheng	5th storey	By way of internal reorganisation pursuant to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce
26 October 2004	Xingcheng	White Horse JV	5th storey	By way of internal reorganisation pursuant to the Approval (2004) No. 198 issued by the Guangzhou Land Bureau

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Date	Transferor	Transferee	Relevant Floors/Units	Mode of Transfer/ Applicable Document
19 October 2005	White Horse JV	Partat	Lower ground floor, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th storeys	By way of internal reorganisation pursuant to the Approval (2005) No. 1392 issued by the Guangzhou Land Bureau

Fortune Plaza Units

Date	Transferor	Transferee	Relevant Floors/Units	Mode of Transfer/ Applicable Document
December 2002	GCCD Group	GCCD	Fortune Plaza (under development)	By way of internal reorganisation pursuant to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce
10 September 2004	GCCD	Moon King	31 strata units	By way of internal reorganisation pursuant to the Approval (2004) No. 198 issued by the Guangzhou Land Bureau
8 August 2005	GCCD	Moon King	52 strata units	By way of internal reorganisation pursuant to the Approval (2005) No. 1392 issued by the Guangzhou Land Bureau

City Development Plaza Units

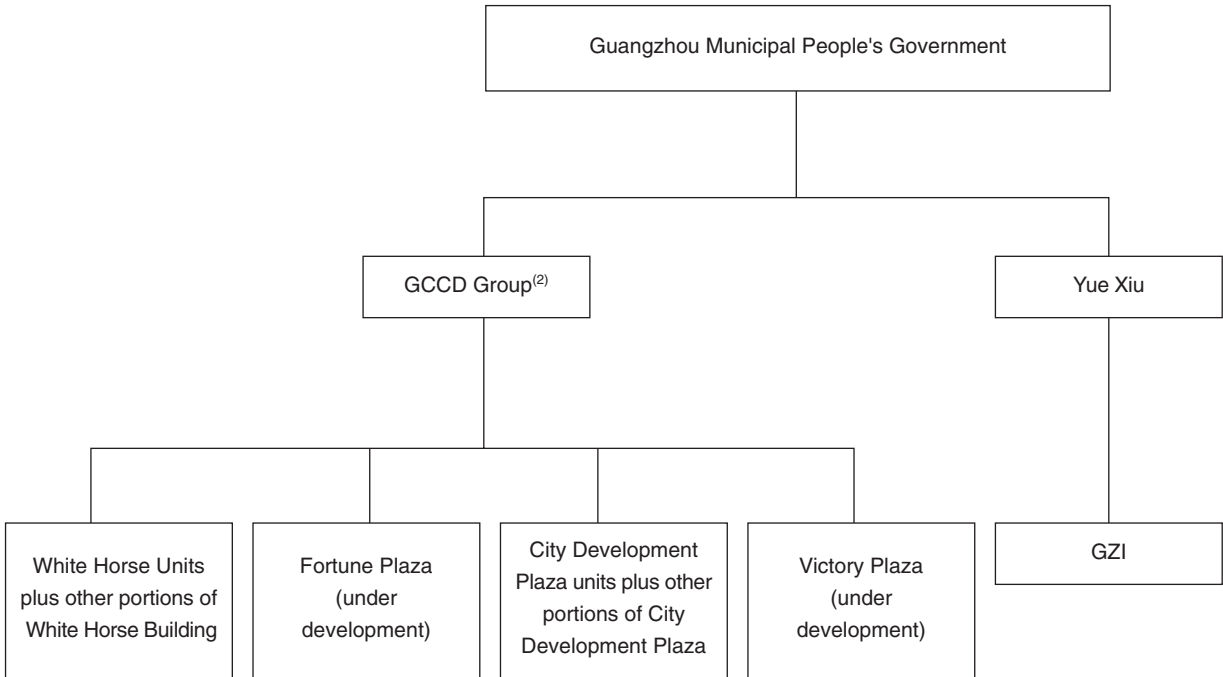
Date	Transferor	Transferee	Relevant Floors/Units	Mode of Transfer/ Applicable Document
December 2002	GCCD Group	GCCD	All strata units	By way of internal reorganisation pursuant to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce
20, 21, 22 and 26 October 2004	GCCD	Full Estates	All strata units	By way of internal reorganisation pursuant to the Approval (2004) No. 198 issued by the Guangzhou Land Bureau

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Victory Plaza Units

Date	Transferor	Transferee	Relevant Floors/Units	Mode of Transfer/ Applicable Document
December 2002	GCCD Group	GCCD	Victory Plaza (under development)	By way of internal reorganisation pursuant to the Approval (2001) No. 1807 issued by the State Development and Planning Commission and the Approval (2001) No. 584 issued by the Ministry of Commerce
6 and 15 July 2005	GCCD	Keen Ocean	All strata units	By way of internal reorganisation pursuant to the Approval (2004) No.198 and the Approval (2005) No. 1392 issued by the Guangzhou Land Bureau

The following diagram illustrates the ownership structures of the Properties immediately before the transfers thereof to White Horse JV or GCCD (as the case may be)⁽¹⁾:

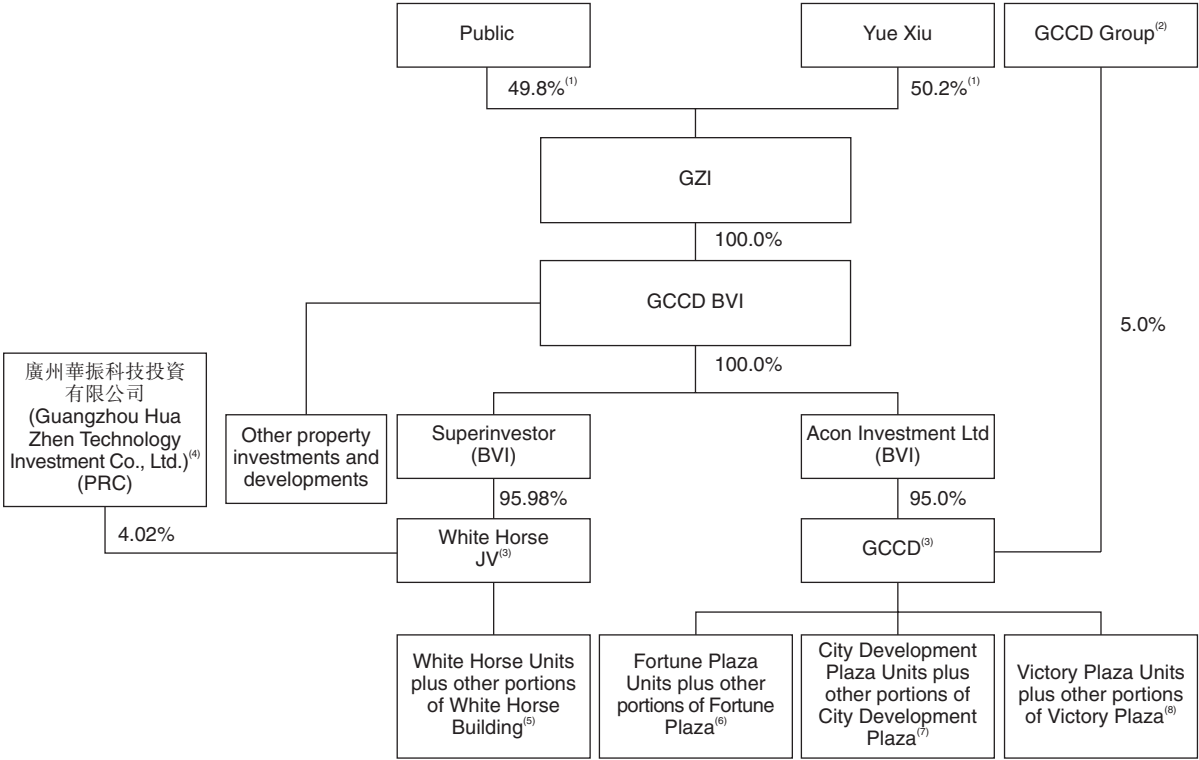


Notes:

- (1) Not all the intermediate holding entities are included in the chart.
- (2) A state owned enterprise in the PRC separate from the Yue Xiu Group and the GZI Group.

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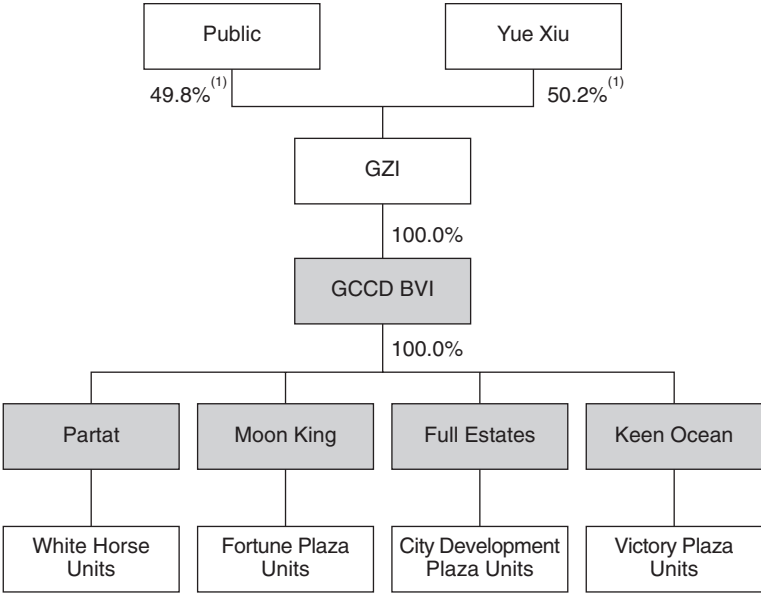
The following diagram illustrates the ownership structures of the Properties immediately before the transfers thereof to the BVI Companies:



- Notes:
- (1) As at the Latest Practicable Date.
 - (2) A state owned enterprise in the PRC separate from the Yue Xiu Group and the GZI Group.
 - (3) A sino-foreign joint venture company.
 - (4) A PRC-incorporated company which is a wholly owned subsidiary of GZI.
 - (5) Comprising a car park.
 - (6) Comprising certain units in the podium, a clubhouse and a carpark.
 - (7) Comprising space used for GCCD's offices, a clubhouse, a restaurant and a car park.
 - (8) Comprising a car park and two tower blocks currently under construction and which are expected to be completed in 2007.

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The following diagram illustrates the ownership structures of the Properties upon completion of the transfers thereof to the BVI Companies as at the Latest Practicable Date:



Note:

(1) As at the Latest Practicable Date.