Statements contained in this section that are not historical facts may be forward looking statements. Such statements are based on the principal assumptions set out herein and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast. While the Manager considers such assumptions to be reasonable, under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the GZI Group, the Manager, GZI REIT, the Trustee, the Listing Agent, the Underwriters or any person involved in the Global Offering, nor that these results will be achieved or are likely to be achieved (see the section headed "Risk Factors" in this Offering Circular). None of the GZI Group, the Manager, the Trustee, the Listing Agent or the Underwriters guarantees the performance of GZI REIT or the payment of any (or any particular) return on the Units. Investors in the Units are cautioned not to place undue reliance on these forward looking statements which are made only as at the date of this Offering Circular.

The profit forecast, for which the Manager is responsible, has been approved by the Board. The profit forecast has been prepared on the bases and assumptions set out below and in accordance with HKFRS, and is consistent in all material respects with those accounting policies adopted in the Audited Financial Statements of the Properties and the Audited Financial Statements of the BVI Companies as set out in the Appendices I and II to this Offering Circular.

The forecast income statements of GZI REIT herein have been prepared on a consolidated basis, reflecting the forecast consolidated income statements of GZI REIT, comprising Holdco and the BVI Companies, for the Forecast Period 2005 and the Forecast Year 2006.

Investors are cautioned that the profit forecast is prepared for the period from 21 December 2005 (the expected Listing Date) to 31 December 2006. The Audited Financial Statements of the Properties in Appendix I to this Offering Circular only cover the period from 20 December 2002 to 31 December 2002, FY2003, FY2004 and six months ended 30 June 2005. The Audited Financial Statements of the BVI Companies in Appendix II to this Offering Circular only cover the period from 1 January 2005 to 30 October 2005.

To the extent that the Manager has not identified events that have occurred or may occur in respect of the Properties or the BVI Companies during the period from 1 November 2005 to 21 December 2005, the impact of such events on the future results of GZI REIT have not been taken into account in this profit forecast.

Investors should note that the extent of any changes in the valuation of the Properties in the future will be established by reference to the market at the end of each Financial Year. The Manager has not made any assumption as to property valuation movements in arriving at the forecast net profit after tax of GZI REIT for the Forecast Period 2005 or the Forecast Year 2006. Should the valuation of the Properties as at 31 December 2005 or 31 December 2006 (as the case may be) drop below/rise above the market values of the Properties as at Completion (when valued as at the end of the Forecast Period 2005) or as at 31 December 2006 (when valued at the end of the Forecast Year 2006), the resulting gain or deficit less the effect of the related goodwill (if any) would be charged/credited to the income statement. If the valuation of the Properties drops below/rises above the carrying values of the Properties, the resulting gain or deficit will be charged against/credited to the income statement. At the same time, any deficit of the value of the Properties might indicate that the goodwill recorded in the books of GZI REIT is impaired and as such, an impairment charge against the income statement may result.

Investors should also note that the format and individual line items in GZI REIT's future financial reports and statements may differ from those used for the purposes of this profit forecast and such line items should not be viewed as individual forecasts but form part of the bases and assumptions used in arriving at the net profit after tax of HK$1.6 million for the Forecast Period 2005 and HK$201.0 million for the Forecast Year 2006. For the Forecast Period 2005, the profit forecast assumes that the Listing Date will be 21 December 2005 and will vary if the Listing Date is different. The profit forecast, for which the Directors are solely responsible, has been reviewed by the Reporting Accountants, the Listing Agent and the Independent Property Valuer. For the conclusions of their review, investors should refer to the letters from the Reporting Accountants, the report of the Listing Agent and the letter from the Independent Property Valuer set out in Appendices IV (Part B), IV (Part C) and V to this Offering Circular respectively, and the principal bases and assumptions set out below.

Investors should also note that GZI REIT was only established on 7 December 2005 and only acquired the BVI Company Shares on 7 December 2005. As such, GZI REIT does not have historical performance against which the profit forecast herein can be compared. The Audited Financial Statements of the Properties and the Audited Financial Statements of the BVI Companies set out in Appendices I and II to this Offering Circular respectively, as well as the discussion thereof in the section headed "Manager's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Circular, relate to the historical performance of the individual Properties while owned by and managed under GZI. The management structure and the cost and capital structures of the Properties when owned by and managed under GZI REIT as well as the management philosophy and operational processes of the Manager are expected to differ from those previously adopted with respect to the Properties.

Moreover, the property management fee structures, certain taxes and certain other expenses previously applicable to the Properties are no longer applicable, and different property management fee structures and taxes now apply to the Properties while they are owned by GZI REIT. Also, GZI REIT incurs expenses at the trust level (such as the Manager's fees, the Trustee's fees and annual listing fees), which expenses were not incurred while the Properties were owned by and managed under the GZI Group. (See the section headed "Manager's Discussion and Analysis of Future Operations" in this Offering Circular)

Having regard to the various factors noted above, investors should exercise caution in relying on this profit forecast generally and, in particular, (i) investors should exercise the highest caution in making any comparison, whether as to individual line items or overall financial performance, as between the Manager's projected income statement appearing below and any historic financial results (whether in the Audited Financial Statements of the Properties as set out in Appendix I to this Offering Circular or in the Audited Financial Statements of the BVI Companies as set out in Appendix II to this Offering Circular), and (ii) investors should not treat any individual line item in the Manager's projected income statement as a forecast in its own right.

Profit Forecast for the Forecast Period 2005 and the Forecast Year 2006

The Manager forecasts that, in the absence of unforeseen circumstances and on the principal bases and assumptions set out below, the net profit after tax of GZI REIT (reflecting the consolidated income statements of GZI REIT, comprising those of Holdco and the BVI Companies) will be not less than HK$1.6 million for the Forecast Period 2005 and not less than HK$201.0 million for the Forecast Year 2006.

	Audited combined income statements of the Properties		Forecast consolidated results of GZI REIT	
	Year ended 31 December 2004(1)	**6 months ended 30 June 2005(1)**	**Period from the Listing Date to 31 December 2005**	**Year ending 31 December 2006**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**	**(HK$'000)**
Rental Income	172,080	92,644	6,694	363,702
Other income	9,481	5,863	10	337
Total Gross Income	**181,561**	**98,507**	**6,704**	**364,039**
Leasing Agents' fees	(10,860)	(7,033)	(235)	(12,125)
Property related taxes	(10,782)	(7,100)	(640)	(28,678)
Other property expenses	(32,167)	(15,360)	(269)	(7,045)
Total property operating expenses	**(53,809)**	**(29,493)**	**(1,144)**	**(47,848)**
Net property income	**127,752**	**69,014**	**5,560**	**316,191**
Withholding tax	—	—	(637)	(34,705)
Manager's fees	—	—	(538)	(21,935)
Trustee's fees	—	—	(37)	(1,245)
Other trust expenses	—	—	(1,212)	(7,904)
Total non-property expenses	—	—	(2,424)	(65,789)
Fair value gains on investment properties(2)	5,107	612,044	—	—
Net profit before finance costs, interest income and tax	**132,859**	**681,058**	**3,136**	**250,402**
Interest income	—	—	—	2,743
Finance costs	—	—	(1,542)	(52,138)
Net profit before tax	**132,859**	**681,058**	**1,594**	**201,007**
Income tax expenses	(44,273)	(214,650)	—	—
Net profit after tax	**88,586**	**466,408**	**1,594**	**201,007**
Net profit after tax before fair value gains on investment properties and related tax impact(3)	**85,594**	**46,239**	**1,594**	**201,007**

	Year ending 31 December 2006	
	Based on Maximum Offer Price of HK$3.075	Based on Minimum Offer Price of HK$2.850
Total Distributable Income (HK$'000)	201,007	201,007
No. of Units in issue	1,000,000,000	1,000,000,000
Distributions per Unit[4] (HK$)	0.201	0.201
Distribution yield[4]	6.54%	7.05%

Notes:

(1) Historical numbers are extracted and reclassified from the Audited Financial Statements of the Properties set out in Appendix I to this Offering Circular.

(2) In accordance with HKAS 40 "Investment Property", future changes in the valuation of the Properties will be reflected in GZI REIT's consolidated income statement. However the extent of any changes in the valuation of the Properties in the future will be established by reference to the market at that time. The Manager has not made any assumption as to property valuation movements in arriving at the forecast consolidated net profit after tax for the period from the Listing Date to 31 December 2006. (See the sub-section headed "Sensitivity Analysis" below for certain illustrations of the potential sensitivity of the Manager's profit forecast to movements in the fair value of the Properties.)

(3) Assuming the direct application of enterprise income tax of 33.0% on Operating Income.

(4) The distribution per Unit is equal to the Total Distributable Income divided by the total number of Units in issue. Given the short period comprised in the Forecast Period 2005, the Manager believes that the distribution per Unit and yield figures would not be representative of the future performance of GZI REIT. As a result, the distribution yields disclosed above do not include distributions in respect of the Forecast Period 2005.

Bases and Assumptions

The profit forecast for the Forecast Period 2005 and Forecast Year 2006 has been made on the principal bases and assumptions set out below. The Manager considers these bases and assumptions to be appropriate and reasonable at the time of the issue of this Offering Circular. Investors should carefully consider these bases and assumptions when making an assessment of the future performance of GZI REIT based on the profit forecast presented herein.

Total Gross Income

Total Gross Income comprises Rental Income and other income earned from the Properties. A summary of the assumptions used to compile the forecast Total Gross Income for the purposes of the Manager's projected income statement is set out below:

Rental Income

The Rental Income included in the projected income statement comprises a combination of committed rentals and rentals assumed from renewals and new lettings.

Committed rental refers to rental from (i) leases in the Properties which were in place as at 1 September 2005 and which will not expire prior to 31 December 2005; and (ii) renewals or new leases for which binding commitments were in place as at 1 September 2005 and for terms which will not expire prior to 31 December 2006. For any leases which were in place as at 1 September 2005 but which will expire prior to 31 December 2006, rental up to the expiry date has been taken into account as committed rental. For the Forecast Period 2005 and Forecast Year 2006, over 98.5% and 91.7% of the respective projected Rental Income comprises committed rentals. The White Horse Units contribute 69.4% of the committed rental for Forecast Year 2006 based on new leases commencing on 1 January 2006 with rentals rates which are on average 50.0% to 100.0% higher than current leases.

For other leases which will expire prior to 31 December 2006 (and for which renewals have not yet been committed), the Manager has conducted a tenant-by-tenant analysis and assessed the likelihood of renewal of each such lease based on the historical operational performance of the relevant property units and the Manager's ongoing dialogue with tenants. For leases which, in the Manager's judgment are likely to be renewed, no rent free period has been assumed. For leases which the Manager considers not likely to be renewed, an average vacancy period of one to three months (inclusive of rent free periods) has been assumed.

For units in the Properties which were vacant as at 1 September 2005, the Manager has assumed, in general, a further vacancy period of at least three months (inclusive of a rent free periods) before such units are leased at rental rates which are assumed to be comparable to the rental rates of adjacent units. The Manager has analysed the particulars of the vacant units and considered their locations, Rental Income levels of comparable units and the likelihood of new leases being entered into in relation to those units.

As of 30 September 2005, the White Horse Units enjoyed a 100.0% occupancy rate. The reputation of the White Horse brand was built up over the past few years as a garment wholesale and retail trade centre. With its close proximity to nearby transportation hubs, there has historically been waiting lists of persons seeking to rent space in the building. As a result, the White Horse Units had enjoyed a consistent 100.0% average occupancy over the past three years. Although 99.7% of the leases (1,307 out of a total 1,311) in the White Horse Units will expire on 31 December 2005, 1,246 or 95.3% of these leases have been renewed with terms of four or five years at an average increase of 50.0% to 100.0% in rental rates. For the remaining leases (approximately 5.0%) that are yet to be renewed, the Manager has assumed renewal on 1 January 2006 at a rental rate increase of at least 50.0% over the rental rate of the existing leases, in line with the other new tenancy agreements. The average increase of 50.0% to 100.0% in rental rates is primarily attributable to the fact that with 99.7% of the leases in the White Horse Units expiring on 31 December 2005, the Manager has taken the opportunity to bring the existing rental rates to the market level.

Given the planned renovation of 8th and 9th storeys for wholesale/retail usage, the Manager has taken into consideration a four-month renovation period (from 1 January to 30 April 2006) and assumed that the units on the 8th and 9th storeys will be rented out immediately starting from 1 May 2006. No rent free period is assumed in accordance with the normal practice of White Horse Building and it is expected that the tenants will be signed up during the four-month renovation period. Rental rates assumed are in line with the achievable market rate for the White Horse Units. Due to the renovation period, the average occupancy rate of the White Horse Units for the Forecast Period 2005 and Forecast Year 2006 shall be 100.0% and 98.0% respectively and the occupancy rate as at 31 December 2006 is expected to be 100.0%.

As at 30 September 2005, the Fortune Plaza Units' occupancy rate was 76.9%. 0.9% and 7.6% of the leases are due to expire during the Forecast Period 2005 and the Forecast Year 2006 respectively. Fortune Plaza is a relatively new Grade A office building and the Manager expects the average occupancy rate of the Fortune Plaza Units to gradually increase to 81.5% and 96.5% for the Forecast Period 2005 and Forecast Year 2006 respectively. As of 31 October 2005, additional committed leases accounting for another 5.1% of Gross Rentable Area have already been secured for the Fortune Plaza Units. For the Forecast Period 2005 and the Forecast Year 2006, the Manager intends to increase marketing efforts to improve the occupancy rate at the Fortune Plaza Units.

As of 30 September 2005, the City Development Plaza Units' occupancy rate was 91.0%. 8.6% and 32.1% of leases are due to expire during the Forecast Period 2005 and the Forecast Year 2006 respectively. The Manager's projected income statement indicates that the average occupancy rate will be 92.5% and 91.9% for the Forecast Period 2005 and Forecast Year 2006 respectively.

As of 30 September 2005, the Victory Plaza Units enjoyed a 100.0% occupancy rate. There are no leases due to expire during the Forecast Period 2005 and less than 2.8% of the leases are due to expire during the Forecast Year 2006. The Manager expects that the space from these expiring leases will be taken up by the largest tenant in the Victory Plaza Units immediately when such space becomes available. This tenant has informed the Manager that it intends to increase its rented space in Victory Plaza and, has in the past, taken up space from expired leases. Therefore, the Manager has assumed that the average occupancy rate for the Victory Plaza Units will remain at 100.0% during the Forecast Period 2005 and will be 99.4% for the Forecast Year 2006.

The table below sets out the occupancy rates of the Properties resulting from the Manager's projections in the profit forecast:

Property	**Average for nine months ended 30 September 2005**	**Average for Forecast Period 2005**	**Average for Forecast Year 2006**	**As at 31 December 2006**
	(%)	**(%)**	**(%)**	**(%)**
White Horse Units	100.0	100.0	98.0	100.0
Fortune Plaza Units	65.9	81.5	96.5	94.7
City Development Plaza Units	89.9	92.5	91.9	92.3
Victory Plaza Units	85.2	100.0	99.4	97.2

For any assumed renewal or new letting, the Manager assessed the rent prospectively achievable under each such renewal or new letting, taking into account matters such as the location of the unit within the relevant Property and the achievable market rent (which the Manager has determined based on rental rates transacted for units recently leased out in the Properties or units recently leased out in comparable properties nearby, with adjustments made to reflect the specific attributes of individual units). A rental increase on existing rent of between nil and 5.0% has been assumed for each assumed renewal or new letting in the Fortune Plaza Units, the City Development Plaza Units and the Victory Plaza Units. Notwithstanding the ongoing construction above the podium of Victory Plaza (as described in the section headed "The Properties and Business — Victory Plaza Units" in this Offering Circular), the Manager has not assumed further discounts on the rental rates of the Victory Plaza Units as it is already below the market rental rates of comparable properties nearby.

Other income

Other income represents advertising income from White Horse Units' indoor billboards. The Manager has assumed that advertising income will remain at approximately the same level going forward as compared to recent historical performance.

Property operating expenses

Leasing agents' fees

For the services of leasing, marketing and tenancy management, Yicheng is entitled to a fee of 4.0% per annum of the gross revenue of each of the Fortune Plaza Units, the City Development Plaza Units and the Victory Plaza Units while White Horse Property Management Company is entitled to a fee of 3.0% per annum of the gross revenue of the White Horse Units.

(See the section headed "Material Agreements and Other Documents Relating to GZI REIT — Tenancy Services Agreements" in this Offering Circular for further details of the Leasing Agents' fees.)

Property related taxes and duties

Taxes and duties comprise urban real estate tax, business tax and flood prevention fee and stamp duty on leases.

It has been assumed that:

- urban real estate tax will be levied by reference to 70.0% of the original cost of the real estate at 1.2% per annum. For the self-constructed buildings, i.e. White Horse Building, City Development Plaza and Victory Plaza, the original cost refers to the construction cost of the building. For Fortune Plaza, the original cost refers to the purchase cost of the semi-completed building and the additional cost incurred to complete the construction. According to the relevant Guangzhou tax circular, Suidishuifa [2002] No. 235, subject to approval, the cost of land use right can be excluded when calculating the tax base for urban real estate tax purposes. Each of Moon King, Full Estates and Keen Ocean is currently liable for urban real estate tax based on the original cost of the real estate and an application is currently being made for Partat to be subject to the same tax treatment as the other BVI Companies. After the Listing Date, any fair value adjustments of the Properties in accordance with HKFRS will not change the tax base of the buildings for the calculation of urban real estate tax purposes.

- business tax will remain at 5.0% of Total Gross Income and flood prevention fee will remain at 0.09% of Total Gross Income; and

- stamp duty on leases will be levied at 0.1% of the aggregate Rental Income payable over the term of each lease (not including the further term under any option to renew). Such stamp duty has been amortised over the terms of the relevant leases for the purpose of the forecast.

Except for urban real estate tax (in respect of which a tax holiday had previously been granted), the above taxes and duties were also incurred in the past. Foreign enterprises are not entitled to the tax holiday for urban real estate tax. As such, the BVI companies are liable to pay for such tax.

Other property expenses

Other property expenses comprise contributions to the owners' building funds, depreciation, bad debts, insurance, annual property valuation costs and other expenses for each of the Properties.

Contributions to the owners' building funds include estimated contributions proportionate to the portions of Fortune Plaza, City Development Plaza and Victory Plaza held by the respective BVI Companies based on the Manager's estimation of renovation and maintenance works anticipated to be carried out at these properties during the Forecast Period 2005 and Forecast Year 2006. GZI REIT holds 50.2% and 57.3% of Fortune Plaza and City Development Plaza respectively. GZI REIT owns 100.0% of the Victory Plaza podium and, when the East and West tower blocks are completed in 2007, GZI REIT's share of Victory Plaza will be 19.5%. For the Forecast Year 2006, contributions to these owners' building funds are forecast to be HK$961,000. No such contributions have been forecast for the Forecast Period 2005.

Depreciation of the equipment, plant and machinery for the White Horse Units has been included in the profit forecast on a straight-line basis over the remaining useful life of such equipment, plant and machinery.

Based on historical trends, bad debts for the Forecast Period 2005 and Forecast Year 2006 has been assumed, for the White Horse Units, to be 0.5% of the Rental Income for the said periods and, for the GCCD Properties, to be 1.0% of the Rental Income of each of the GCCD Properties for the said periods.

Accounting policies require an individual assessment of insurance and annual valuation costs to be made for each of the Properties for the Forecast Period 2005 and Forecast Year 2006.

Non-property expenses

Withholding tax

It has been assumed that withholding tax will be levied on each BVI Company by reference to a rate of 10.0% of its Total Gross Income, net of business tax incurred by the relevant BVI Company. It has also been assumed that the interest income from cash and bank balances held in the PRC will be subject to a 10.0% withholding tax.

Manager's fees

Pursuant to the Trust Deed, the Manager will receive:

- a base fee of 0.3% per annum of the value of the Deposited Property; and

- a service fee of 3.0% per annum of Net Property Income.

It has been assumed that GZI REIT's property portfolio remains unchanged and, accordingly, that the Manager will not be receiving acquisition fees or divestment fees during the Forecast Period 2005 and the Forecast Year 2006.

(See the section headed "The Manager — Fees, Costs and Expenses of the Manager" in this Offering Circular for further details of the Manager's fees.)

Trustee's fees

Pursuant to the Trust Deed, the Trustee is entitled to an inception fee of not more than HK$200,000 (as agreed between the Manager and the Trustee) and an ongoing fee of 0.03% per annum of the value of the Deposited Property, subject to a minimum amount of HK$50,000 per month.

(See the section headed "The Trust Deed — Trustee's Fee" in this Offering Circular for further details of the Trustee's fees.)

Other trust expenses

Other trust expenses comprise GZI REIT's recurring operating expenses such as annual listing fees, the SFC's fees, the Unit Registrar's fees, audit and tax advisory fees, legal fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses.

Other trust income and expenses

Interest income

Holdco's Hong Kong dollar account is assumed to earn interest income at an average of 2.15% per annum based on a monthly deposit rate quoted by an international bank. Security deposits deposited at the BVI Companies' Renminbi account are assumed to earn interest income at an average of 1.71% per annum based on a three-month deposit rate quoted by a local bank.

Finance costs

On 7 December 2005, the BVI Companies and the Lending Banks entered into the Facility Agreement. It is assumed that US$165.0 million (HK$1,287.0 million) will be drawn down on the Listing Date as Loan Proceeds to make payment on the Promissory Note (see the sections headed "Use of Proceeds", "The Reorganisation — The Reorganisation Deed — Initial Consideration" and "Material Agreements and Other Documents Relating to GZI REIT — Facility Agreement" in this Offering Circular for further details).

With such borrowings, the gearing of GZI REIT on the Listing Date will be approximately 32.1%, based on the gross amount of the loan proceeds divided by the Appraised value of the Properties as at 30 September 2005, as determined by the Independent Property Valuer.

Under the Loan Facility, interest will be payable quarterly at a rate of 1.35% per annum above the three-month US dollar LIBOR rate, and principal will be payable in one lump sum at the end of the three-year period commencing from the drawdown date. In providing this Loan Facility, the Lending Banks levied an upfront fee of 1.5% of the principal amount of the Loan Facility and a committment fee of 0.25% per annum of the committed but undrawn amount of the Loan Facility under the two month availability period of the Loan Facility.

The BVI Companies entered into US$/RMB non-deliverable swap facilities with the Lending Banks (as swap providers) to swap the floating rate US dollar Loan Facility into a synthetic Renminbi liability (at the then prevailing US$/RMB exchange rates) with a series of fixed rate cash flows denominated in Renminbi, payable in US dollars and with a principal exchange at maturity also settled in US dollars for an aggregate notional principal amount of US$165.0 million, for a minimum tenor of three years. Pursuant to these arrangements, the interest rate under the Loan Facility have been fixed at approximately 3.2% per annum and at a US$/RMB exchange rate of 1/8.08 for the entire three-year tenure of the loan under the Loan facility.

For the Forecast Period 2005 and Forecast Year 2006, finance costs in relation to the Loan Facility include interest expenses, upfront fees and other costs such as legal fees. However, for the purposes of the Manager's profit forecast, the Manager has assumed interest expenses on the Loan Facility based on a fixed rate of 3.5% per annum. The upfront fees and other costs are amortised over the three-year tenure of the loan under the Loan Facility.

Goodwill/impairment of goodwill charged

Goodwill is the difference between the final consideration payable under the Reorganisation Deed and the fair values of the assets and liabilities of the BVI Companies.

If the final consideration is greater than the fair values of the assets and liabilities of the BVI Companies, the goodwill will be recorded in the balance sheet of the BVI Companies. Goodwill arising from acquisition is tested annually for impairment and carried at cost less accumulated impairment losses. If the final consideration is less than the fair values of the assets and liabilities of the BVI Companies, a negative goodwill will arise and credited to the income statement of the BVI Companies.

Accounting policies applicable to GZI REIT

The accounting policies which will be adopted by GZI REIT will be the same set of the accounting policies adopted in preparing the Audited Financial Statements of the Properties and the Audited Financial Statements of the BVI Companies as set out in Note 3 of Appendix I and Note 2 of Appendix II to this Offering Circular.

Liquidity and capital resources

Net cash received from operations, security deposits and interest income will be GZI REIT's primary source of liquidity for funding distributions, servicing of debt and payment of non-property expenses.

Any future funding may be raised through issue of new Units or additional borrowings (subject to the 45.0% gearing limit under the REIT Code) or a combination of both.

The Manager is of the opinion that taking into account the financial resources available to GZI REIT, including internally generated funds, the available banking facilities and the estimated net proceeds of the offering of the Units, GZI REIT will have sufficient working capital to satisfy its operational requirements for the 12 calendar months following the Listing Date.

Capital expenditure

For the Forecast Period 2005 and Forecast Year 2006, the Manager anticipates capital expenditure of HK$26.7 million for the White Horse Units. Such capital expenditure includes HK$10.3 million of planned fixed assets related capital expenditure and HK$16.4 million of planned investment properties related capital expenditure. The fixed assets related capital expenditure includes improving or replacing the ventilation system, electrical appliances, fire emergency equipment and smoke detectors in the White Horse Units, which will be subject to depreciation under HKFRS. Such capital expenditure, which includes maintenance capital expenditure and certain building improvements, has been projected based on the Manager's review of the capital expenditure requirements of the White Horse Units as well as the life cycle of the plant and equipment therein. Investment properties-related capital expenditure include the renovation of the 8th and 9th storeys of the White Horse Units for wholesale/retail use (which renovation is estimated to cost approximately HK$5.8 million) and other capital expenditures of similar nature, which are not subject to depreciation under HKFRS. This amount of HK$26.7 million will be funded by cash retained from the proceeds of the Global Offering. (See the section headed "Material Agreements and Other Documents Relating to GZI REIT — Reorganisation Deed" in this Offering Circular.)

Expenditure for major renovation of and maintenance works for the GCCD Properties will be satisfied by their respective owners' building funds which are contributed by all the owners of the three properties according to the percentage ownership of each owner by area. As these expenditure relates to common areas and shared facilities which no tenants could claim ownership, these expenditures are treated as expenses on the income statement when they arise. The item "contribution to the owners' building fund" in the profit forecast reflects the proportional amount of GZI REIT's contribution to the funds. GZI REIT's shares of Fortune Plaza and City Development Plaza are 50.2% and 57.3% respectively. GZI REIT owns 100.0% of the Victory Plaza podium.

Indebtedness

The Manager has assumed that the BVI Companies will incur borrowings under the Loan Facility to fund part of the acquisition costs of the Properties. On 7 December 2005, GZI REIT and the Lending Banks entered into the Facility Agreement. It is assumed that US$165.0 million (HK$1,287.0 million) will be drawn down on the Listing Date as Loan Proceeds to make payment on the Promissory Note. The initial gearing of REIT is approximately 32.1% (based on the Appraised Value of the Properties as at 30 September 2005, as determined by the Independent Property Valuer) whereas the limit prescribed under the REIT Code is 45.0%. It is the Manager's strategy to maintain the gearing at between 30.0% to 40.0%. (See the section headed "Material Agreements and Other Document Relating to GZI REIT — Facility Agreement" in this Offering Circular for further details in relation to the Loan Facility.)

Fair value of investment properties and derivatives

Movements in the valuation of investment properties and financial instruments will be reflected in GZI REIT's income statement. However, the extent of any changes in the valuation of investment properties and financial instruments in the future will be established by reference to the market condition at that time. The Manager has not made any assumption as to movements in such valuations in arriving at the consolidated net profit after tax for the forecast period. (See the risk factor headed "Distributions to Unitholders will be subject to cash flow" in this Offering Circular.)

Other assumptions

Other assumptions made in preparing the profit forecast include:

- GZI REIT's property portfolio, comprising the Properties, will remain unchanged;

- no distribution reinvestment scheme will be put in place;

- no further equity capital will be raised by GZI REIT during the Forecast Period 2005 and Forecast Year 2006;

- all leases are enforceable and will be performed in accordance with their terms as amended from time to time;

- there will be no material change in existing political, legal, fiscal, market or economic conditions in the PRC;

- there will be no changes in legislation, regulations or rules in the PRC, BVI, or any other country or territory which materially affect the business of GZI REIT;

- the portion of the expenses of the Global Offering that will be charged against Unitholders' equity of GZI REIT will be netted off from the proceeds of the Global Offering and deducted from the final consideration to be paid to GZI under the Reorganisation Deed. All remaining expenses of the Global Offering will be borne by GZI;

- the proceeds of the Global Offering will be used towards payment of the Promissory Note and no interest income will be earned by GZI REIT from the proceeds of the Global Offering; and

- the Renminbi/HK dollar exchange rate used throughout the forecast period is assumed to remain constant at RMB1.04 = HK$1.00.

Sensitivity Analysis

The profit forecasts and projected distributions included in this Offering Circular are based on a number of assumptions that have been outlined above. The profit forecasts and projected distributions are also subject to a number of risks as outlined in the section headed "Risk Factors" in this Offering Circular.

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Offering Circular are to be expected. To assist investors in assessing the possible impact of some but not all of these assumptions on the distribution yield, certain information is set out below demonstrating the sensitivity of distribution yield to changes in certain assumptions. It should also be noted that distribution yield as discussed below assumes that the Manager will distribute to Unitholders 100.0% of GZI REIT's forecast net profit after tax of not less than HK$201.0 million for FY2006. (See also the section headed "Distribution Policy" in this Offering Circular.) Accordingly, the sensitivity illustrations are based exclusively on movements in net profit resulting from the circumstances considered.

The sensitivity analysis is intended to be for reference only and variations in actual performance could exceed the ranges shown. Investors should be aware that the sensitivity analysis is not intended to be exhaustive and is limited in scope in that not all principal assumptions or other assumptions which are relevant to the figures forecast or projected in this

Offering Circular have been examined or reviewed in this sensitivity analysis. The sensitivity analysis is in each case restricted to the relevant individual line item in the income statement. Changes and variations against projections may be caused by, or may result from, circumstances which further impact upon other line items. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown. No attempt is made to identify the cause of any potential variation against projections, or to identify or quantify any consequential or related changes or variations in other line items. Investors should further note that the sensitivity analyses below only consider the potential impact of certain specific factors on the profit forecast for the Forecast Year 2006.

(1) Movements in fair value of the Properties

	Distribution yield for FY2006	
	Maximum Offer Price of HK$3.075	**Minimum Offer Price of HK$2.850**
For FY2006		
Current assumption(1)	6.54%	7.05%
2.5% decrease in the fair value of the Properties	3.21%	3.46%
5.0% decrease in the fair value of the Properties(2)	—(2)	—(2)

Notes:

(1) The Manager has not made any assumption as to movements in such valuations in arriving at the consolidated net profit after tax for the Forecast Year 2006 under its current assumption.

(2) A 5.0% decrease in the value of the Properties may reduce the Total Distributable Income to nil, which means that a distribution may not be made.

Where net profit is reduced in consequence of non-cash items such as property revaluation losses, cash flow for the period in question may potentially exceed Total Distributable Income. Investors should note that the Manager may (but is not obliged to) distribute any excess cash arising from non-cash expenditures such as those arising from a decline in the fair value of the Properties (in which case more than 100.0% of GZI REIT's Total Distributable Income could be distributed). (See the section headed "Distribution Policy" in this Offering Circular for further information.)

(2) Taxation rates

	Distribution yield for FY2006	
	Maximum Offer Price of HK$3.075	Minimum Offer Price of HK$2.850
For FY2006		
Current assumption (Withholding tax at 10.0%)(1)	6.54%	7.05%
Withholding tax at 20.0%(1)	5.41%	5.84%
Permanent establishment at deemed profit rate of 20.0%(2)	6.88%	7.42%
Permanent establishment at deemed profit rate of 40.0%(2)	6.10%	6.58%

Notes:

(1) Analysis on withholding tax is calculated based on a rate of 10.0% (based on the tax circular Guofa [2000] No. 37, issued by the PRC State Council) and a rate of 20.0% (Article 19 of the Foreign Enterprise Income Tax ("FEIT") Law).

The distribution yield based on withholding tax at 10.0% is calculated as follows:

(Profit before tax - Total Gross Income x (1 - business tax of 5.0%) x 10.0%)/1,000,000,000 Units/Maximum Offer Price or Minimum Offer Price

The distribution yield based on withholding tax at 20.0% is calculated as follows:

(Profit before tax - Total Gross Income x (1 - business tax of 5.0%) x 20.0%)/1,000,000,000 Units/Maximum Offer Price or Minimum Offer Price

(2) In the event that the BVI Companies are deemed to have created a permanent establishment (taxable presence) in the PRC, the BVI Companies will be subject to the foreign enterprise income tax based on:

Deemed profit multiplied by the standard foreign enterprise income tax rate of 33.0%, where deemed profit is the Total Gross Income of the entity multiplied by the deemed profit rate of between 20.0% and 40.0%. For the purpose of the above analysis, the Manager has presented two cases using the deemed profit rates of 20.0% and 40.0%

The distribution yield based on a permanent establishment at a deemed profit rate of 20.0% is calculated as follows:

(Profit before tax - Total Gross Income x 20.0% x 33.0%)/1,000,000,000 Units/Maximum Offer Price or Minimum Offer Price

The distribution yield based on a permanent establishment at a deemed profit rate of 40.0% is calculated as follows:

(Profit before tax - Total Gross Income x 40.0% x 33.0%)/1,000,000,000 Units/Maximum Offer Price or Minimum Offer Price

The analysis above does not consider the impact of changes in business and property-level taxes such as urban real estate tax, business and flood prevention tax and stamp duty on leases. (See the section headed "Taxation" in this Offering Circular for further information.)