

The Leasing Agents

Yicheng was incorporated in the PRC in 1997 and is 85.7% owned by GZI, with the remaining 14.3% owned by GCCD Group, a state owned enterprise in the PRC separate from the Yue Xiu Group and the GZI Group. As at 30 September 2005, Yicheng managed more than 470,000 sq.m. of commercial space in Guangzhou and was ISO9001:2000 certified in 2003.

White Horse Property Management Company was incorporated in the PRC in 1998 to provide dedicated leasing, marketing, tenancy management and property management services to White Horse Building and has been exclusively managing the property since 1998. It is 96.8% owned by GZI with the remaining 3.2% owned by GCCD Group. White Horse Property Management Company was ISO9001:2000 certified in 2001.

Yicheng and White Horse Property Management Company have entered into separate agreements with the owners' committees or owners of Fortune Plaza, City Development Plaza, Victory Plaza, or as the case may be, White Horse Building under which each of Yicheng and White Horse Property Management Company agreed to provide certain property management services in relation to the common property at the relevant building(s). Pursuant to these agreements, Yicheng and White Horse Property Management Company entered into agreements with the tenants in the buildings to collect certain property management fees directly from the tenants. In the past, tenants in the White Horse Units paid both their rent and property management fees to White Horse Property Management Company in an undivided amount. Going forward, tenants in the White Horse Units will pay their rents directly to Partat and their property management fees to White Horse Property Management Company. As such, property management fees will not form part of the property income received by the BVI Companies. In relation to vacant units in the Properties, the BVI Companies are themselves liable for the property management fees. However, Yicheng and White Horse Property Management Company have agreed under the Tenancy Services Agreements that the fees which they receive under those agreements shall also satisfy the property management fees which they are entitled to receive from the relevant BVI Companies for any vacant units (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — Tenancy Services Agreement" in this Offering Circular).

Yicheng and White Horse Property Management Company are entitled under PRC law to retain 10.0% of the property management fees as their own remuneration and are required to apply the rest of the fees for payment of all costs and expenses incurred in the administration, maintenance and management of the common areas in the buildings. Any surpluses after satisfaction of such expenses are to be held by Yicheng and White Horse Property Management Company on trust and may be applied for the renovation, alteration, rebuilding, replacement, addition, alteration and improvement of the common areas in the buildings if the owners thereof (including the relevant Special Purpose Vehicles through which GZI REIT holds its properties) so agree.

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The Manager and each of Full Estates, Moon King and Keen Ocean have also entered into a tenancy services agreement with Yicheng while the Manager and Partat have entered into a tenancy services agreement with White Horse Property Management Company, under which each of Yicheng and White Horse Property Management Company will provide, among others, the following services:

- leasing services, including advising on achievable rental rates based on current market assessment, reporting with recommendations on appropriate rental levels and lease incentive(s) relating to renewal of the existing tenancy agreements, initiating lease renewals and negotiation of terms with tenants to conclude such renewals, as well as preparing letters of offer, or invitation to renewal, to tenants, and ensuring proper execution of tenancy agreements;
- marketing services, including acting as a marketing agent for the marketing and letting out of the Properties, recommending and finalising marketing programs with the Manager, contracting for advertising and promotional programs and providing regular updates on the marketing programs as required; and
- lease management services, including reviewing and advising on tenants' expansion requirements, administering collection of deposits, rent and other sums due from tenants, evaluating the assessment or re-assessment of government rates and taxes (including urban real estate tax) for the Properties, preparing the annual budget and three years' budget forecast for each Property, as well as advising tenants on the procedures for setting up operations.

The leasing and marketing services described above will be provided to GZI REIT on an exclusive basis (see the section headed "Material Agreements and Other Documents Relating to GZI REIT — Tenancy Services Agreements" in this Offering Circular). However, the Tenancy Services Agreements do not preclude GZI REIT from also obtaining such services from other service providers.

Property Management Offices

In accordance with PRC regulations, White Horse Property Management Company (as the property manager of White Horse Building) had on-site premises of 70.4 sq.m. for its use in connection with its property management functions. White Horse Property Management Company enjoys the use of these premises free of rent.

Similarly, Yicheng (as the property manager of City Development Plaza) has on-site premises of 97.0 sq.m. for its use in connection with its property management functions. Yicheng pays a nominal monthly rent of HK\$5 per square metre for these premises.

The space occupied by Yicheng in Fortune Plaza and Victory Plaza do not form part of the Fortune Plaza Units or the Victory Plaza Units.

Senior Executive of the Leasing Agents

Information on the business and working experience of the senior executives of Yicheng is set out below:

Mr MO Qing Hua (莫清華)

Mr Mo is the General Manager of Yicheng and is responsible for overseeing and directing the day to day operations of Fortune Plaza, City Development Plaza and Victory Plaza.

Mr Mo has been with the GCCD group since 1993 and has held various senior positions in the property management department of the group. With more than 10 years of experience in property management, he has managed a wide range of commercial and residential properties, including White Horse Building and City Development Plaza. Mr Mo also actively contributed to the commencement of operations in Victory Plaza.

Mr Mo holds a degree in enterprise management from the Guangdong Business College.

Ms WANG Hai Ying (王海英)

Ms Wang is a Deputy General Manager of Yicheng. She has previously served as Deputy General Manager of Guangzhou Urban Construction Development & Property Management Co. Ltd and Guangzhou Urban Construction Development Investment Consulting Co. Ltd. Ms Wang has extensive managerial experience in the field of property management. She is also a director of Guangdong Property Management Association and Guangzhou Municipal Property Management Association.

Ms Wang graduated in 1997 from Guangdong Province Cadre's Institute with a degree in economic management. In 1999, she obtained a certificate from the Ministry of Construction after having undergone training for the National Property Management Enterprises Manager.

Mr XIE Si Xin (謝思新)

Mr Xie is a Deputy General Manager of Yicheng. He has over 15 years of experience in property investment planning and business solicitation. Mr Xie holds a Bachelor's Degree in Economic Studies from Huazhong University of Science and Technology and a Master of Arts in World Economic Studies from Sun Yat-Sen University, both in the PRC. Mr Xie also holds the following certificates: Real Estate Economist (intermediate level), China Certified Real Estate Appraiser and Real Estate Brokerage Qualification, as well as an engagement certificate as a specialist in the project bidding and tendering team of Guangzhou Urban Construction Development Group.

Mr Xie has worked for the GCCD group since 1992 where he has been involved in market surveys, feasibility studies, valuations and planning for various projects and in the operations and management of numerous commercial buildings (such as part of White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Guangzhou Dong Zhan Commercial Building and Hong Fa Plaza). He has also held various managerial positions within the GCCD group.

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Information on the business and working experience of the senior executives of White Horse Property Management Company is set out below:

Mr ZHANG Yu (張瑜)

Mr Zhang Yu is the General Manager of White Horse Property Management Company and is responsible for overseeing and directing the operations of the company. He is also responsible for planning and maintaining White Horse Building's competitive edge through targeted promotional events, developing and evaluating strategic business plans, marketing and mass communications, as well as property service operations.

Mr Zhang joined the GCCD group in 2003 and acted as the Deputy General Manager of White Horse Property Management Company in 2004. Prior to that, he held various senior positions with Beijing Centre for Defence Technology and Shenzhen Hua Wei Ji Shu Co. Ltd..

Mr Zhang holds a bachelor's degree in enterprise management and a doctorate in economics from Renmin University of China. He is also Vice Chairman of the Guangdong Garment Industry Association and a mechanical and electrical engineer.

Mr XU Shu Sui (徐曙穗)

Mr Xu is currently a Deputy General Manager of White Horse Property Management Company. Mr Xu graduated from South China University of Technology. He is an equipment administration engineer, one of the property management specialists of Guangzhou State Land and Housing Administration Bureau, a visiting instructor for the training sessions of Guangzhou Municipal Property Management Association and a bidding appraisal specialist for property management projects in the Guangzhou Tendering Center. Mr Xu has also been involved in compiling books in property management, such as Practice Guidance on Office Building Property Management and Practice Guidance on Mansion Property Management. He participated in the nationwide training program for managers of property management companies, and holds a working permit certificate.

Mr Xu has over 10 years of experience in the management of large commercial buildings, and property management. He joined GCCD Group in 1985 and held the positions of Deputy General Manager for Guangzhou City Construction Development & Property Management Company and the General Manager for Guangzhou Zhiwei Real Estate Company.

Mr LIU Yi Sheng (劉一聲)

Mr Liu was appointed Deputy General Manager of White Horse Property Management Company in August 2005. Prior to joining White Horse Property Management Company, he served as the deputy general manager of Guangzhou's largest property company, Guangzhou City Property Management Group, for over six years. Over the same period, he was also president of a PRC-Hong Kong cooperative property company and chairman of a large cleaning services company.

He has also published on property management issues, including a book, *Property Management Practice*, and a research thesis, *A Study of Labor Quality in Property Management Establishments*.

Mr Liu holds a postgraduate diploma in linguistics.

Conflicts of Interests

As both the Leasing Agents are members of the GZI Group and GZI is actively engaged in the development of commercial and residential properties primarily in Guangzhou as well as in the provision of leasing, marketing, tenancy management and property management services to properties developed by the GZI Group or other properties in which it has an interest, potential conflicts of interest may arise in relation to leasing and marketing opportunities. In order to address such potential conflict of interests between GZI and GZI REIT, the following arrangements are being put into place:

Segregation of certain operational functions

The GZI Group is undergoing an internal restructuring which will result in the Leasing Agents only being solely responsible for providing leasing and marketing services to GZI REIT's properties and another company within the GZI Group (the "GZI Property Manager") being solely responsible for providing such services to properties not belonging to GZI REIT.

"Chinese Walls"

"Chinese Wall" procedures are being put in place to ensure that there is segregation of information between the Leasing Agents and the GZI Property Manager. These will include having separate operating premises and IT systems, and separate reporting lines, for each of the Leasing Agents and the GZI Property Manager.

Contractual protection

Contractual provisions have been included in each of the Tenancy Services Agreements entered into between the Manager and Partat, Moon King, Full Estates or, as the case may be, Keen Ocean, and the relevant Leasing Agent to provide that:

- (i) the Leasing Agents will at all times act in the best interests of GZI REIT and exercise a reasonable standard of care, skill, prudence and diligence under the circumstances then prevailing that a reputable leasing agent would use in providing similar services for comparable commercial properties in Guangzhou;
- (ii) the Leasing Agents will adhere to the organisational charts and reporting lines agreed with the Manager and will act in accordance with the directions of the Manager;

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- (iii) the Leasing Agents will implement the annual business plan and budget approved by the Manager every year and use its best endeavours to achieve the revenue targets in such approved annual business plan and budget; and
- (iv) if leasing or marketing opportunities in relation to any of the Properties become available to the Leasing Agents which the Leasing Agents, acting reasonably and in good faith, consider are or are likely to be in competition with the GZI Property Manager, the Leasing Agents will either:
 - refer all such business proposals to the Manager for vetting and confirmation before the relevant Leasing Agent proceeds with such proposals or opportunities; or
 - sub-contract to a third party leasing agent independent of the GZI Group, to devise and implement the relevant business proposal.

GZI, being the parent company of the Leasing Agents, has provided an undertaking to GZI REIT that it will procure that the Leasing Agents will comply with the relevant provisions set out in the Tenancy Management Agreements in this regard.

Transitional procedures

The GZI Group will have a transitional period of six months from 7 December 2005 (the date of the Tenancy Services Agreements) to complete the restructuring described above. The transitional period is required because:

- significant staff movement and re-allocation will be involved in the restructuring. Accordingly, a large number of employment contracts will have to be re-executed (and potentially re-negotiated) with those affected personnel; and
- it is also anticipated that various statutory employment-related provident funds would have to be re-allocated as a result of the significant staff movement, which will require substantial time to process.

It is also expected that as part of the restructuring, the business licence position for Yicheng and White Horse Property Management Company will need to be re-assessed to ensure that each of the Leasing Agents and the GZI Property Manager continues to hold all necessary licences for their respective property management functions, and where needed, further licensing applications may need to be made to the relevant PRC authorities.

As from the Listing Date, the “Chinese Wall” procedures will be put in place in relation to reporting lines/structures and operational information segregation. As soon as practicable thereafter, the personnel and IT systems of the Leasing Agents and the GZI Property Manager will also be physically segregated (i.e. separate office premises and systems). It is anticipated that such physical segregation will be achieved within two months after the Listing Date.

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Notwithstanding that the Leasing Agents are both subsidiaries of GZI, which is also involved in the business of owning and investing in commercial properties in Guangzhou, the Leasing Agents have confirmed to the Manager that they are capable of performing, and shall perform, their duties to GZI REIT independently of GZI's related businesses and in the best interest of GZI and the Unitholders.