

UNAUDITED PRO FORMA BALANCE SHEETS OF THE REIT

For illustrative purposes only, set out below is the unaudited pro forma balance sheets of the REIT as at 7 December 2005, the date of establishment of GZI Real Estate Investment Trust (“GZI REIT”), to show the effect of the acquisition of the Partat Investment Limited, Moon King Limited, Full Estates Investment Limited and Keen Ocean Limited (the “BVI Companies”) by GZI REIT (the “Acquisition”) and the settlement of the consideration of the Acquisition by the offering of units of GZI REIT and the drawdown of the loans of US\$165,000,000 on the consolidated balance sheet of GZI REIT and King Profit Holdings Limited (which is in the process of changing its name to GZI REIT (Holdings) 2005 Company Limited), a wholly owned subsidiary of GZI REIT (the “Holdco”) (collectively referred to as the “REIT”), as if they had taken place on 7 December 2005.

The pro forma balance sheets have been prepared for illustrative purposes only and because of their nature, they may not give a true picture of the financial position of the REIT following the acquisition of the BVI Companies, offering of units and the drawdown of the loans. The offer price represents the Hong Kong dollar per unit of GZI REIT at which the Units are to be issued and allotted pursuant to the offering (the “Offer Price”). Pursuant to the agreement between the JGCs, GZI and the Manager, the Offer Price is not expected to be more than HK\$3.075 (the “Maximum Offer Price”), and is not less than HK\$2.85 (the “Minimum Offer Price”). Accordingly, two unaudited pro forma balance sheets have been prepared based on the Maximum and the Minimum Offer Price.

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The following unaudited pro forma balance sheets of the REIT are based on the unaudited consolidated balance sheet of GZI REIT and the Holdco and as adjusted as described below:

A. Unaudited Pro Forma Balance Sheet of the REIT (Based on Maximum Offer Price of HK\$3.075)

	Pro forma adjustments				Pro forma balance of the REIT <i>(Unaudited)</i> HK\$'000
	The REIT as at 7 December 2005 <i>(Unaudited)</i> <i>(Note 1)</i> HK\$'000	Acquisition of the BVI Companies as at 31 October 2005 <i>(Audited)</i> <i>(Note 2)</i> HK\$'000	Other adjustments <i>(Unaudited)</i> HK\$'000	Notes	
	—	—	—	—	
	-----	-----	-----	-----	
Non-current assets					
Property, plant and equipment	—	3,453			3,453
Investment properties	—	4,005,000			4,005,000
Goodwill	—	—	77,322	(4)(v)	77,322
Deferred assets	—	3,031			3,031
	-----	4,011,484			4,088,806
Current assets					
Trade receivables	—	1,586			1,586
Prepayments, deposits and other receivables	—	1,110			1,110
Cash and cash equivalents	—	12,653	47,146	(3)(i)	88,585
			1,792,725	(4)(i)	
			1,287,000	(4)(ii)	
			(77,158)	(4)(iii)	
			(21,599)	(4)(iv)	
			(2,952,182)	(4)(v)	
	-----	15,349			91,281
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	Pro forma adjustments				Pro forma balance of the REIT (Unaudited) HK\$'000
	The REIT as at 7 December 2005 (Unaudited) (Note 1) HK\$'000	Acquisition of the BVI Companies as at 31 October 2005 (Audited) (Note 2) HK\$'000	Other adjustments (Unaudited) HK\$'000	Notes	
Current liabilities					
Rental deposits, accruals and other payables	—	45,440	2,086	(4)(v)	47,526
Due to fellow subsidiaries	—	994,267	(994,267)	(3)(ii)	—
Due to GZI	—	—	(2,876,946)	(3)(iii)	—
			(75,236)	(4)(v)	
			2,952,182	(4)(v)	
	—	1,039,707			47,526
Net current (liabilities)/ assets	—	(1,024,358)			43,755
Total assets less current liabilities	—	2,987,126			4,132,561
Non-current liabilities					
Rental deposits, non-current portion	—	14,359			14,359
Bank borrowings	—	—	1,287,000	(4)(ii)	1,265,401
			(21,599)	(4)(iv)	
	—	14,359			1,279,760
Net assets	—	2,972,767			2,852,801
Equity					
Issued Capital	—	—	1,137,234	(3)(iii)	2,852,801
			1,792,725	(4)(i)	
			(77,158)	(4)(iii)	
Shareholder's contribution	—	2,956,637	47,146	(3)(i)	—
			994,267	(3)(ii)	
			16,130	(3)(iii)	
			(4,014,180)	(3)(iii)	
Retained earnings	—	16,130	(16,130)	(3)(iii)	—
	—	2,972,767			2,852,801

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B. Unaudited Pro Forma Balance Sheet of the REIT (Based on Minimum Offer Price of HK\$2.85)

	Pro forma adjustments			Notes	Pro forma balance of the REIT (Unaudited)
	The REIT as at 7 December 2005 (Unaudited) (Note 1) HK\$'000	Acquisition of the BVI Companies as at 31 October 2005 (Audited) (Note 2) HK\$'000	Other adjustments (Unaudited) HK\$'000		
Non-current assets					
Property, plant and equipment	—	3,453			3,453
Investment properties	—	4,005,000			4,005,000
Deferred assets	—	3,031			3,031
	—	4,011,484			4,011,484
Current assets					
Trade receivables	—	1,586			1,586
Prepayment, deposits and other receivables	—	1,110			1,110
Cash and cash equivalents	—	12,653	47,146	(3)(i)	88,585
			1,661,550	(4)(i)	
			1,287,000	(4)(ii)	
			(73,879)	(4)(iii)	
			(21,599)	(4)(iv)	
			(2,824,286)	(4)(v)	
	—	15,349			91,281
	—	15,349			91,281

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	Pro forma adjustments				Pro forma balance of the REIT (Unaudited) HK\$'000
	The REIT as at 7 December 2005 (Unaudited) (Note 1) HK\$'000	Acquisition of the BVI Companies as at 31 October 2005 (Audited) (Note 2) HK\$'000	Other adjustments (Unaudited) HK\$'000	Notes	
Current liabilities					
Rental deposits, accruals and other payables	—	45,440	2,086	(4)(v)	47,526
Due to fellow subsidiaries	—	994,267	(994,267)	(3)(ii)	—
Due to GZI	—	—	(2,876,946)	(3)(iii)	—
			52,660	(4)(v)	
			2,824,286	(4)(v)	
	—	1,039,707			47,526
Net current (liabilities)/ assets	—	(1,024,358)			43,755
Total assets less current liabilities	—	2,987,126			4,055,239
Non-current liabilities					
Rental deposits, non-current portion	—	14,359			14,359
Bank borrowings	—	—	1,287,000	(4)(ii)	1,265,401
			(21,599)	(4)(iv)	
	—	14,359			1,279,760
Net assets	—	2,972,767			2,775,479
Equity					
Issued Capital	—	—	1,137,234	(3)(iii)	2,724,905
			1,661,550	(4)(i)	
			(73,879)	(4)(iii)	
Shareholder's contribution	—	2,956,637	47,146	(3)(i)	—
			994,267	(3)(ii)	
			16,130	(3)(iii)	
			(4,014,180)	(3)(iii)	
Retained earnings	—	16,130	(16,130)	(3)(iii)	50,574
			50,574	(4)(v)	
	—	2,972,767			2,775,479

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Notes to the unaudited pro forma balance sheets:

- (1) The balances are extracted from the unaudited consolidated balance sheet of the REIT as at 7 December 2005, the date of establishment of GZI REIT.
- (2) The balances are extracted from the audited combined balance sheet of the BVI Companies as at 31 October 2005 as set out in Appendix II of the offering circular of GZI REIT.

The identifiable assets and liabilities of the BVI Companies to be acquired by the REIT will be accounted for in the consolidated financial statements of the REIT at fair value under the purchase method of accounting. Given the short time gap between 31 October 2005, the date of audited combined balance sheets of the BVI Companies and 7 December 2005, the date of establishment of GZI REIT, and there was no material change in operations of the BVI Companies and the related market conditions during the intervening period, the Directors of the Manager consider the net book value of the identifiable assets and liabilities as at 31 October 2005 approximates their fair value as at 7 December 2005, the date of establishment of GZI REIT.

Since the fair value of the units of GZI REIT and the actual payment date of the purchase consideration may be different from the assumptions used in the preparation of the unaudited pro forma consolidated balance sheets presented above, the actual financial position arising from the Acquisition may be different from the financial position shown in this Appendix.

- (3) Pursuant to the Reorganisation Deed entered into by Holdco, GZI REIT Asset Management Limited (the "Manager") and GZI on 7 December 2005, Holdco will acquire the equity interests in the BVI Companies (the "Acquisition") as at the date of the completion of the Acquisition and the Holdco will procure the Manager to issue (i) a promissory note of HK\$2,876,945,940; and (ii) 417,000,000 units of GZI REIT of HK\$2.72718 each, amounting to HK\$1,137,234,060, as the initial consideration of the Acquisition.

The adjustments reflect the Acquisition by Holdco and issuance of units to GZI:

- (i) Additional cash of HK\$47,146,000 will be injected by GZI to the BVI Companies subsequent to 31 October 2005 as part of the Acquisition (the "Additional Cash Contribution").
 - (ii) This represents the release of amounts due to Subsidiaries of GZI in the combined financial statements of the BVI Companies as at 31 October 2005 by the Subsidiaries of GZI pursuant to the Deed of Release included in the Reorganisation Deed.
 - (iii) The initial consideration of the Acquisition pursuant to the Reorganisation Deed is HK\$4,014,180,000, which is calculated based on the combined net asset value of the BVI Companies as at 31 October 2005 of HK\$2,972,767,000 plus amounts due to fellow subsidiaries as at 31 October 2005 of HK\$994,267,000 as well as HK\$47,146,000 to be injected by GZI into the BVI Companies as stated in note 3(i) above, which will be satisfied by the issuance of 417,000,000 units of GZI REIT of HK\$2.72718 each and of promissory note of HK\$2,876,945,940. At the same time, the pre-acquisition reserves (including shareholders' contribution and retained earnings) of the BVI Companies will be eliminated.
- (4) The adjustments represent issuance of units to the public, drawdown of the loan facility and settlement of promissory note:
 - (i) Offering of 583,000,000 units of HK\$3.075/HK\$2.850 to the public.

	Based on Maximum Offer Price of HK\$3.075	Based on Minimum Offer Price of HK\$2.850
Offer of units to the public	HK\$1,792,725,000	HK\$1,661,550,000

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- (ii) Estimated drawdown of a loan facility by the BVI Companies of US\$165,000,000 (equivalent to approximately HK\$1,287,000,000);
- (iii) Payment of the underwriting fees and other listing expenses. No account has been taken of the unit which may fall to be issued upon the exercise of Over-allocation Option.

	Based on Maximum Offer Price of HK\$3.075	Based on Minimum Offer Price of HK\$2.850
Underwriting fees and other listing expenses	HK\$77,158,000	HK\$73,879,000

- (iv) Payment of debt related expenses of HK\$21,599,000.
- (v) Pursuant to the Reorganisation Deed, the final consideration of the Acquisition will be adjusted according to the terms as stated in the Reorganisation Deed, namely the proceeds from the issuance of units to the public, the underwriting fees and other listing expenses and an amount of HK\$26,700,000 retained for proposed renovation works at certain units of White Horse Building and the rental income attributable to Partat Investment Limited from 21 December 2005, the date of listing, to 31 December 2005 (both dates inclusive) of HK\$2,085,600 ("White Horse Adjustment"). If the final consideration exceeds the initial consideration of HK\$4,014,180,000, then Holdco will pay GZI the excess by adjusting the settlement amount of the promissory note which will be recognised as goodwill in the consolidated balance sheet of the REIT (not taking into account White Horse Adjustment of HK\$2,085,600 as this amount will be recognised as deferred income of the REIT); if the final consideration is less than the initial consideration of HK\$4,014,180,000, then GZI will pay Holdco the shortfall by adjusting the settlement amount of the promissory note which will be recognised immediately in the consolidated income statement of the REIT (not taking into account White Horse Adjustment of HK\$2,085,600 as this amount will be recognised as deferred income of the REIT). The pro forma adjustments based on the Maximum Offer Price and the Minimum Offer Price are as follows:

	Based on Maximum Offer Price of HK\$3.075	Based on Minimum Offer Price of HK\$2.850
Adjustment amounts — Excess	HK\$75,236,000	—
Adjustment amounts — Shortfall	—	HK\$52,660,000

Settlement of promissory note after setting off the adjustment amount as stated above against the principal amount of the promissory note of HK\$2,876,945,940.

	Based on Maximum Offer Price of HK\$3.075	Based on Minimum Offer Price of HK\$2.850
Settlement of promissory note	HK\$2,952,182,000	HK\$2,824,286,000

Since the fair values of the assets and liabilities of the BVI Companies as at the date of the completion of the Acquisition may be different from their fair values used in the preparation of the unaudited pro forma balance sheet presented above, the actual excess of the net assets of the BVI Companies over the purchase consideration, or goodwill arising from the Acquisition, if any, may be different from the estimated amount shown in this Appendix.

The following is the text of a report received from the reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong for the purpose of incorporation in this Offering Circular.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

12 December 2005

The Board of Directors
GZI REIT Asset Management Limited
2102, Yue Xiu Building,
160-174 Lockhart Road, Wanchai
Hong Kong

Dear Sirs

We report on the unaudited pro forma balance sheets of GZI Real Estate Investment Trust (“GZI REIT”) and its subsidiary (collectively referred to as the “REIT”) set out on pages III-1 to III-7 under the heading of “Unaudited pro forma balance sheets of the REIT” set out in Appendix III of GZI REIT’s offering circular dated 12 December 2005 in connection with acquisition of Partat Investment Limited, Moon King Limited, Full Estates Investment Limited and Keen Ocean Limited and the offering of the units of GZI REIT on the Main Board of The Stock Exchange of Hong Kong Limited and the drawdown of the loan of US\$165,000,000 by the REIT. The unaudited pro forma balance sheets have been prepared by the Directors of GZI REIT Asset Management Limited (the “Manager”), for illustrative purposes only, to provide information about how the acquisition of the BVI Companies, the offering of units and the drawdown of the loan might have affected the balance sheet of the REIT as at 7 December 2005, the date of establishment of GZI REIT.

Responsibilities

It is the responsibility solely of the Directors of the Manager to prepare the unaudited pro forma balance sheets of the REIT.

It is our responsibility to form an opinion on the unaudited pro forma balance sheets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma balance sheets beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma balance sheets with the Directors of the Manager.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma balance sheets.

The unaudited pro forma balance sheets have been prepared on the bases set out on pages III-1 to III-7 of Appendix III to the circular for illustrative purposes only and, because of their nature, they may not be indicative of the financial position of the REIT as at 7 December 2005, or at any future date.

Opinion

In our opinion:

- (a) the unaudited pro forma balance sheets have been properly compiled by the Directors of the Manager on the basis stated;
- (b) such basis is consistent with the accounting policies of the REIT, and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma balance sheets that they are:
 - (i) clearly shown and explained;
 - (ii) directly attributable to the transaction concerned and not relating to future events or decisions; and
 - (iii) factually supportable.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong