

## INVESTMENT HIGHLIGHTS

Hui Xian REIT will be the first RMB-denominated REIT in Hong Kong. The Manager's key objective is to provide stable DPU, which will, subject to compliance with legal and regulatory restrictions, be paid to Unitholders in RMB. Furthermore, Units will also be traded on the Hong Kong Stock Exchange and settled through CCASS in RMB, providing an opportunity for investors to invest in an RMB-denominated security product in Hong Kong.

Hui Xian REIT's asset is its investment in Hui Xian Investment, the foreign joint venture partner of BOP which holds the land use rights and building ownership rights in respect of Oriental Plaza (東方廣場), which is one of the largest and most iconic commercial complexes in Beijing, the capital city of the PRC. Oriental Plaza is a composite property complex strategically located in Beijing, comprising:-

- The Malls (東方新天地), a world-class shopping centre;
- The Tower Offices (東方經貿城), which features eight Grade A office buildings;
- The Tower Apartments (東方豪庭公寓), which consists of two serviced apartment towers;
- Grand Hyatt Beijing (北京東方君悅大酒店), a five-star hotel with 825 guest rooms; and
- approximately 1,900 car parking spaces (including loading/unloading spaces) as ancillary facilities to other components of Oriental Plaza.

The Manager believes that Oriental Plaza as a whole has the following competitive strengths:-

### ***Prime Location in the Heart of Beijing***

Oriental Plaza is strategically located in the commercial heart of Beijing which is one of the most economically vibrant cities in China. Oriental Plaza is situated at No.1 East Chang'an Avenue (東長安街一號) within the Second Ring Road (二環路) of Beijing stretching from Wangfujing Street (王府井大街) (also known as Gold Street (金街)), in its west to North Dongdan Street (東單北大街) (also known as Silver Street (銀街)) in the east. Oriental Plaza enjoys a high flow of visitors from Wangfujing / East Chang'an Avenue, the famous shopping area in Beijing.

Oriental Plaza is also well-situated to draw on the strong catchment of tourists as it is very close to a number of Beijing landmarks, including the Forbidden City (紫禁城), the Great Hall of the People (人民大會堂) and Tian'anmen Square (天安門廣場).

Furthermore, Oriental Plaza is situated in the political centre of Beijing and is adjacent to a number of important governmental departments, such as the Ministry of Commerce (商務部), the Ministry of Transport (交通運輸部), the General Administration of Customs (海關總署) and the People's Government of Beijing Municipality (北京市人民政府). This is appealing to some domestic and multinational companies who wish to have their offices located in a place which is in close proximity to the PRC policy makers.

Oriental Plaza is very easily accessible and is well connected by the public transportation network linking the city. It has access to Line 1 and Line 5 of the Beijing subway lines and is directly connected to the subway station. It will have access to the future Line 8 (extension works expected to commence in 2012). In addition, Oriental Plaza is served by over 30 bus routes, which have stops around the site. The distance between Oriental Plaza and Beijing Capital International Airport is approximately 35 k.m..

The premium location of Oriental Plaza is favourable to Grand Hyatt Beijing's hotel operations and the overall leasing activities of The Malls, the Tower Offices and the Tower Apartments.

Within the Second Ring Road region of Beijing, there is limited land supply for the development of any similar commercial complex of a scale comparable to Oriental Plaza. Accordingly, Oriental Plaza is

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able to position itself as a unique, comprehensive and prestigious development, without any significant competition in the foreseeable future<sup>18</sup>.

### ***Benefits of “World within a World”***

The four components of Oriental Plaza, namely The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing are part and parcel to the success of the property complex. They reflect the “World within a World” concept of Oriental Plaza and together create a self-contained community. Under the “World within a World” concept, Oriental Plaza houses business enterprises, a shopping mall, accommodation facilities, and public services all in a single commercial complex. The convenient accessibility of these facilities and services attracts multinational companies and domestic companies to locate their offices at The Tower Offices. The tenants at The Tower Offices generate a strong catchment of business travellers that propels demand for Grand Hyatt Beijing and The Tower Apartments. The Malls benefits from a captive market of consumers that work in the Tower Offices and stay in Grand Hyatt Beijing and The Tower Apartments, and offers one-stop shopping, dining and entertainment experiences to customers, tenants, hotel guests and the public. The four components complement each other and the combination creates a synergy effect which helps to boost the rental rate and occupancy rate of each individual component. The complex is additionally well supported by a car park with approximately 1,900 available car parking spaces. The Malls, The Tower Offices and The Tower Apartments at Oriental Plaza have all played a leading role in the Beijing property leasing market. Over the past 10 years, Oriental Plaza has enjoyed a solid track record of market leadership in Beijing with wide brand recognition, high occupancy and impressive financial performance.

### ***Large and Diversified Asset Providing Regular and Stable Distributions***

The Manager’s principal investment strategy is to hold and invest in high quality commercial properties in the PRC and it aims to produce stable and attractive total returns to Unitholders by managing the REIT’s portfolio and maintaining a high level of investment discipline and financial flexibility. Oriental Plaza has an attractive tenant mix providing Hui Xian REIT with a diversified revenue base.

The four components of Oriental Plaza will provide Unitholders with diversification through exposure to different market segments — retail, office, serviced apartments and hotel. For the year ended 31 December 2009, the revenue contribution from The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing were approximately 38.0%, approximately 34.0%, approximately 5.0%, and approximately 23.0% respectively, and the profit contributed from The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing were approximately 46.2%, approximately 39.2%, approximately 3.4%, and approximately 11.2% respectively.

### ***Future Growth through Active Management***

The Manager will seek to increase the net asset value per Unit of Hui Xian REIT through active management. In terms of organic growth, the Manager will actively manage its portfolio to optimise rental income growth, maintain an optimal tenant mix, capture property enhancement opportunities, optimise occupancy levels, and prudently control property expenses.

<sup>18</sup> Source: Page VI-8 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing. A number of statements in this section headed “Investment Highlights” and in the section headed “Oriental Plaza and Business” of this Offering Circular are, as indicated in footnotes, based on the letter from DTZ (in relation to the retail and office property market in Beijing) or the letter from JLL (in relation to the serviced apartment property market and hotel industry in Beijing), the full text and sources of which are set out in Appendices VI and VII to this Offering Circular (as the case may be). Some of those statements contain views of the relevant Market Consultant and/or contain information which in turn is based on estimates, and as such they should be regarded as indicative only and read with appropriate caution.

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### ***Highly Experienced and Motivated Board of Directors and Management Team***

The board of directors of the Manager and other members of its management team have extensive experience in real estate asset and investment management.

The three indirect shareholders of the Manager are the CITIC Securities Group, the Cheung Kong Group and the ARA Group. The CITIC Securities Group is an active and experienced financial institution in the PRC and in Hong Kong. The Cheung Kong Group is an experienced property developer having numerous property development and investment projects in Hong Kong and in the PRC. The ARA Group is experienced and has a proven track record in managing REITs in Hong Kong and in other countries in Asia. The Directors (other than the INEDs) are all from the three groups of indirect shareholders.

In addition, individuals, including KAM Hing Lam; MAN Ka Keung, Simon; TONG BARNES Wai Che, Wendy; CHEUNG Ling Fung, Tom; WONG, James; CHAN Yiu Lung; LAI Wai Yin, Agnes; LEUNG Pik Sai, Charlotte and TSE Hiu Fung, Louisa, who have managed on a day-to-day basis and contributed to the success of Oriental Plaza and/or Hui Xian Investment for over 10 years since its inception will continue to manage them after the listing of Hui Xian REIT.

Given the experience and expertise of this management team in managing Oriental Plaza, the Manager has a profound understanding of the tenants and is well positioned to negotiate optimal rental rates. The management team has also demonstrated that it is able to strategically select the right tenant mix for the development, which not only freshens the offerings of Oriental Plaza and attracts new patrons, but also contributes to overall rental levels. With a strong emphasis on customer service, the management team has been able to cater to the specific needs of tenants, such as helping them in their expansion plans and assisting them in relocating to Oriental Plaza, thereby effectively retaining existing tenants and attracting new ones, to be the tenants of The Malls, The Tower Offices or The Tower Apartments.

### ***Widely Recognised Brand***

Through effective marketing and the provision of high quality services, Oriental Plaza has established its own brand as one of the leading high-end commercial complexes in Beijing, both among consumers and businesses. The Oriental Plaza brand enables Oriental Plaza to attract quality tenants and maintain high occupancy rates and rental levels. As at 31 December 2010, Oriental Plaza had a large tenant base of 233 tenants in The Malls and 486 tenants in The Tower Offices. These tenants covered a wide range of business sectors, providing Oriental Plaza with earnings diversification. Furthermore, The Malls and The Tower Offices achieved high committed occupancy levels of approximately 100.0% and approximately 97.4% as at 31 December 2010 respectively and the average monthly rental per leased Rentable Area in sq. m. of The Malls and The Tower Offices was approximately RMB813 and approximately RMB165 respectively for the year ended 31 December 2010.

### ***Economic Growth of Beijing***

The Chinese economy has achieved significant growth over the past eleven years (from 2000 to 2010), especially in Beijing. The Beijing economy has maintained a rapid growth rate from 2000 to 2010 with a CAGR of approximately 15.9%<sup>19</sup>. Such rapid growth has brought about increasing demand for real estate in Beijing, including retail and office premises. This has resulted in a growth in both real estate values and rental rates. Oriental Plaza has been well-positioned to capitalise on such rapid economic growth in Beijing.

In the retail segment, there has been strong growth in retail sales, helping to drive the development of the retail property market.<sup>20</sup> At the same time though, the supply of land for development is limited.

<sup>19</sup> Source: Page VI-6 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

<sup>20</sup> Source: Page VI-6 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

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Little undeveloped land area remains in the main commercial areas of Beijing, especially in key areas such as Wangfujing / East Chang'an Avenue, the CBD and Financial Street.<sup>21</sup> This is especially true of land in the Wangfujing area, where existing retail projects benefit from limited land supply.

The Malls has no pressure on its leasing activities as there are no comparable significant competitors in the submarket.<sup>22</sup> According to DTZ, the future supply of high-end retail properties in the Wangfujing/ East Chang'an Avenue submarket from 2011 to 2013 is forecast to be approximately 179,000 sq. m. (gross floor area)<sup>23</sup>. DTZ forecasts low market pressures after these high-end retail properties come onto the market in the future.<sup>24</sup> Therefore, rents of retail properties in the Wangfujing/ East Chang'an Avenue submarket are expected to remain at the highest level in Beijing and continue stable growth of approximately 2.5% year on year from 2011 to 2013.<sup>25</sup>

In the office segment, the Beijing office market has experienced rapid development since the mid-1980s. By the end of 2010, the total stock of Grade A office supply in Beijing was approximately 6.6 million sq. m. (gross floor area).<sup>26</sup> Although there has been significant new supply since 2005, the absorption rate has been high due to good economic growth and the average vacancy rate remained relatively low.<sup>27</sup> DTZ expects the future supply of Grade A office space to be approximately 0.61 million sq. m. (gross floor area) over the next three years (from 2011 to 2013).<sup>28</sup> Accordingly, there will be little pressure on the Grade A office market in the future.<sup>29</sup> It also forecasts that Beijing Grade A office rentals may have a year-on-year increase of approximately 5.2% over the next three years.<sup>30</sup>

As regards the serviced apartment segment, there is expected to be rising domestic demand and a less intensive competitive market environment.<sup>31</sup> In the short to medium-term, as global economies improve and local markets continue to grow, demand for serviced apartments is anticipated to correspondingly increase. This, combined with a relatively limited pipeline of new serviced apartments entering the Beijing market in the near term, is likely to provide a good basis for occupancy rate growth.<sup>32</sup>

For the hotel market in Beijing, the short to medium outlook appears to be positive.<sup>33</sup> Growth will be fuelled by sound economic fundamentals of Beijing as the PRC's capital city and the importance of the city in political and cultural terms.

The Manager believes that an investment in Hui Xian REIT will allow investors to share the benefits of the rapid economic growth and flourishing real estate market in the PRC.

21 Source: Page VI-8 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

22 Source: Page VI-8 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

23 Source: Page VI-20 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

24 Source: Page VI-21 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

25 Source: Page VI-21 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

26 Source: Page VI-26 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

27 Source: Page VI-26 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

28 Source: Page VI-27 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

29 Source: Page VI-27 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

30 Source: Page VI-28 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

31 Source: Pages VII-30 to VII-31 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

32 Source: Page VII-31 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

33 Source: Page VII-19 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.