
ORIENTAL PLAZA AND BUSINESS

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Overview of Oriental Plaza (東方廣場)



Oriental Plaza is one of the largest and most iconic commercial complexes in the PRC. It is strategically located at No.1 East Chang'an Avenue (東長安街一號), the political and commercial heart of Beijing, the capital of the PRC. It is within the Second Ring Road (二環路) and Wangfujing (王府井). The development is in a unique position in Beijing. The location is one which is unprecedented for a large scale commercial development in the PRC.

Oriental Plaza was developed on a plot of land with a total area of approximately 100,000 sq.m.³⁴ and has a total Gross Floor Area of approximately 800,000 sq. m..

Over the past 10 years, this landmark development has enjoyed a solid track record of market leadership in Beijing with wide brand recognition, high occupancy and impressive financial performance. BOP has experienced a growth in both revenue and operating profit at a CAGR of approximately 14.3% and 19.3% during the period from 2002 to 2009 based on its management accounts. In terms of occupancy, the committed occupancy levels of The Malls, The Tower Offices and The Tower Apartments as at 31 March 2011 were approximately 100.0%, approximately 99.7% and approximately 95.4%, respectively, and the average occupancy rate of Grand Hyatt Beijing for the month ended 31 March 2011 was approximately 72.9%.

The following table shows a breakdown of the Gross Floor Areas of Oriental Plaza as at 31 December 2010:-

	<u>Approximate Gross Floor Area (sq. m.)</u>
The Malls	130,195
The Tower Offices	309,552
The Tower Apartments	81,603
Grand Hyatt Beijing	125,420
Car parking spaces and other ancillary facilities ^{Note}	140,289
Total	<u>787,059</u>

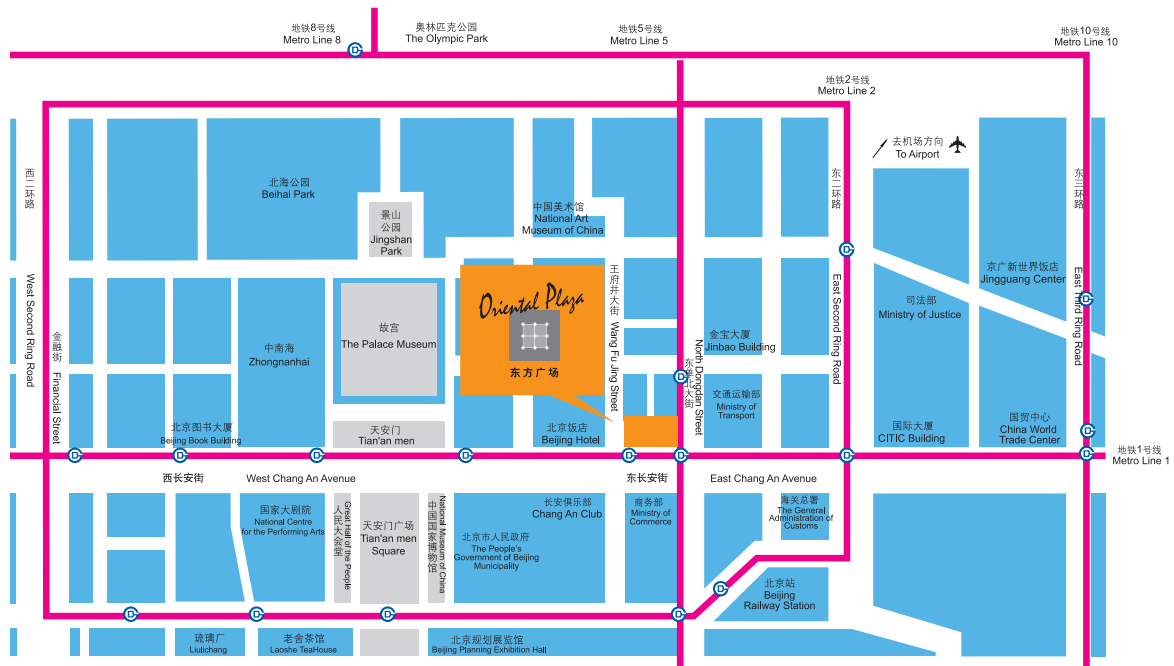
Note: The Gross Floor Area of the car parking spaces and other ancillary facilities includes the 23,577 sq. m. of civil defence shelter, which has been permitted to use as car parking spaces.

As at 31 January 2011, the aggregate area of Oriental Plaza used for generating income, comprising the Rentable Area of The Malls, The Tower Offices and The Tower Apartments, and the Gross Floor Area of Grand Hyatt Beijing, was approximately 580,000 sq.m..

³⁴ Based on the Appendix of the Construction Land Use Planning Permit issued to BOP on 10 January 2000.

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Designed by the world renowned architectural firm Palmer & Turner, Oriental Plaza represents a modern interpretation of the traditional Chinese design, which comprises rectangular outer structures and circular courtyards.



Oriental Plaza stretches along East Chang'an Avenue (东长安街) from Wangfujing Street (王府井大街) (also known as Gold Street (金街)) in its west to North Dongdan Street (东单北大街) (also known as Silver Street (银街)) in its east with 16 entrances in total. Oriental Plaza is located in the direct vicinity of a number of important government departments of the PRC such as the Ministry of Commerce (商务部), the Ministry of Transport (交通运输部), the General Administration of Customs (海关总署) and the People's Government of Beijing Municipality (北京市人民政府). In particular, the Ministry of Transport is located at the east of Oriental Plaza across North Dongdan Street and the People's Government of Beijing Municipality is located at the south of Oriental Plaza across East Chang'an Avenue. It is also in close proximity to a number of Beijing landmarks such as the Forbidden City (紫禁城), the Great Hall of the People (人民大会堂) and Tian'anmen Square (天安门广场) which are located a few blocks to the west. Oriental Plaza enjoys the convenience of Beijing's public transportation network. 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, over 30 bus lines have bus stops in the direct vicinity of the site. Oriental Plaza is also located approximately 35 k.m. from Beijing Capital International Airport.

Oriental Plaza has adopted a "World within a World" concept. A mixed-use composite development, Oriental Plaza comprises The Malls (东方新天地), a world-class shopping centre with three levels; The Tower Offices (东方经贸城), which features eight Grade A office buildings; The Tower Apartments (东方豪庭公寓), which consists of two serviced apartment towers; Grand Hyatt Beijing (北京东方君悦大酒店), a five-star hotel with 825 guest rooms; and an enormous car park with approximately 1,900 car parking spaces (including loading / unloading spaces) located at basement levels.

The four components of Oriental Plaza complement each other and create a self-contained community which offers comprehensive facilities and services, including shopping, entertainment and recreational facilities, offices, restaurants, car parking spaces, hotel and serviced apartments.

The Malls offers a wide variety of brands, including leading international and local ones. The Tower Offices is occupied by a number of multinational companies and large domestic enterprises. The

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Tower Apartments offers expatriates and others mid to long term accommodation; while Grand Hyatt Beijing provides luxurious hotel accommodation and world-class food and beverage services.

The synergy created by the four entities — The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing — helps to propel the rental and occupancy rates for each entity. For example, the more than 20,000 people that live and work in Oriental Plaza provide a stable client base for The Malls and Grand Hyatt Beijing³⁵.

Over the past 10 years, this landmark development, comprising these four components, has enjoyed a solid track record of market leadership in Beijing with wide brand recognition, high occupancy and impressive financial performance. Each component of Oriental Plaza is seen as an icon, a role model and a trend-setter in its industry.

Within the Oriental Plaza vicinity, there is also a post office, police station and fire station. Located next to Oriental Plaza, they are Oriental Plaza Post Office of the East City Post Office of Beijing (北京市東區郵電局東方廣場郵電所), the Wangfujing Squadron of the Dongcheng Division of the Beijing Municipal Public Security Fire Department (北京市公安消防總隊東城支隊王府井中隊) and the Oriental Plaza Police Station of the Dongcheng Division of the Beijing Municipal Public Security Bureau (北京市公安局東城分局東方廣場派出所).

Construction of Oriental Plaza commenced in 1996 and was fully completed in 2004.

Construction of The Malls was completed in 2000 and Grand Hyatt Beijing in 2001, while The Tower Offices was completed in phases from 2000 to 2001 and The Tower Apartments from 2002 to 2004.

In recognition of its excellent construction and engineering, Oriental Plaza was awarded the PRC Construction Engineering Luban Award (National Outstanding Engineering) (中國建築工程魯班獎(國家優質工程)) by the Ministry of Construction of the PRC (中華人民共和國建設部) and the China Construction Industry Association (中國建築業協會) in 2002, Zhan Tianyou Civil Engineering Award (詹天佑土木工程獎) by the State Technology Reward Office (國家科技獎勵辦公室), as well as the Best Chinese Development and the Best Chinese Property in the Bentley International Property Awards in 2004.

Since the commencement of operations in 2000, Oriental Plaza has been smoothly and efficiently managed by a professional management team. For details of the senior management of BOP, see the section headed “Oriental Plaza and Business — Employees” in this Offering Circular. Oriental Plaza has an attractive tenant mix providing Hui Xian REIT with a diversified revenue base. Each of the components of Oriental Plaza has been proactively managed to optimise area utilisation, occupancy and boost rental rates.

³⁵ Source: Page VI-19 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing. Also see footnote on page 69 of this Offering Circular.

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The segment revenue generated by The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing for the three years ended 31 December 2007, 2008 and 2009 and the ten months ended 31 October 2010, and the unaudited segment revenue for the ten months ended 31 October 2009 are set out in the following table:-

	Year ended 31 December 2007		Year ended 31 December 2008		Year ended 31 December 2009		Ten months ended 31 October 2009 (unaudited)		Ten months ended 31 October 2010	
	RMB million	% of total	RMB million	% of total	RMB million	% of total	RMB million	% of total	RMB million	% of total
The Malls ^{Note}	588	28.3	695	30.6	748	38.0	617	37.8	679	39.0
The Tower Offices	614	29.6	646	28.5	669	34.0	563	34.4	542	31.2
The Tower Apartments ...	139	6.7	142	6.3	98	5.0	82	5.0	74	4.3
Grand Hyatt Beijing	736	35.4	786	34.6	454	23.0	372	22.8	444	25.5
Total	2,077	100.0	2,269	100.0	1,969	100.0	1,634	100.0	1,739	100.0

Note: The segment revenue of The Malls included that generated from the operation of car parking spaces.

Oriental Plaza is held by BOP, a cooperative joint venture enterprise established in the PRC in 1999 with Hui Xian Investment as the foreign investor and the Domestic JV Partner as the domestic investor. See the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT — JV Documents” in this Offering Circular. The joint venture period of BOP is 50 years from 25 January 1999 to 24 January 2049 and the remaining term is approximately 38 years. BOP was granted the Land Use Rights Certificate in respect of the piece of land on which Oriental Plaza is situated by the People’s Government of Beijing Municipality (北京市人民政府) for the period from 22 April 1999 to 21 April 2049 and the Building Ownership Certificate in respect of the buildings of Oriental Plaza by the Beijing Municipal Commission of Construction (北京市建設委員會), the predecessor of the Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會).

Upon the expiry of the joint venture period of BOP on 24 January 2049, Hui Xian Investment (and thus Hui Xian REIT) will cease to have any direct or indirect interest in Oriental Plaza or its income. As such, unless Hui Xian REIT acquires and holds other real estate investment that generates recurrent rental income before the expiration of the joint venture period of BOP, the value of Hui Xian REIT’s real estate investment will be diminishing over time and will have zero value at the end of the joint venture period.

The respective Appraised Values of The Malls, The Tower Offices, The Tower Apartments, Grand Hyatt Beijing and the basement portion of Oriental Plaza, as determined by the Independent Property Valuer as at 31 January 2011 were as follows:

	RMB million
The Malls	13,580
The Tower Offices	11,310
The Tower Apartments	2,310
Grand Hyatt Beijing	3,920
Basement portion of Oriental Plaza	290
Total	31,410

On 8 April 2011, the Trustee (as trustee of Hui Xian REIT) entered into the Reorganisation Agreement with (among others) Hui Xian Cayman pursuant to which Hui Xian Cayman has agreed to transfer and assign to the Trustee (as trustee of Hui Xian REIT) the entire issued share capital of, and the Assigned Indebtedness owing by, Hui Xian BVI which in turn holds the entire issued share capital of Hui Xian Investment. See the section headed “Reorganisation, Structure and Organisation — Reorganisation of Hui Xian BVI Group” and the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT — Reorganisation Agreement” in this Offering Circular. The transfer and assignment of the Hui Xian BVI Share and the Assigned Indebtedness will be completed on or before 28 April 2011 (or such other date as may be agreed between Hui Xian Cayman and the Manager).

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Oriental Plaza in Detail

The Malls (東方新天地)



The Malls commands rents which are amongst the highest in Beijing.



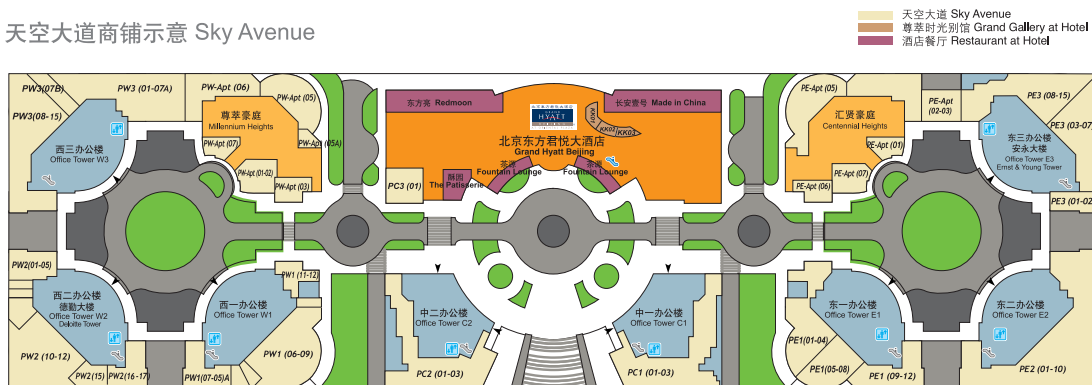
The Malls enjoys steady patronage underpinned by the locals, expatriates and tourists who work in the Tower Offices, reside in the Tower Apartments and stay in Grand Hyatt Beijing.



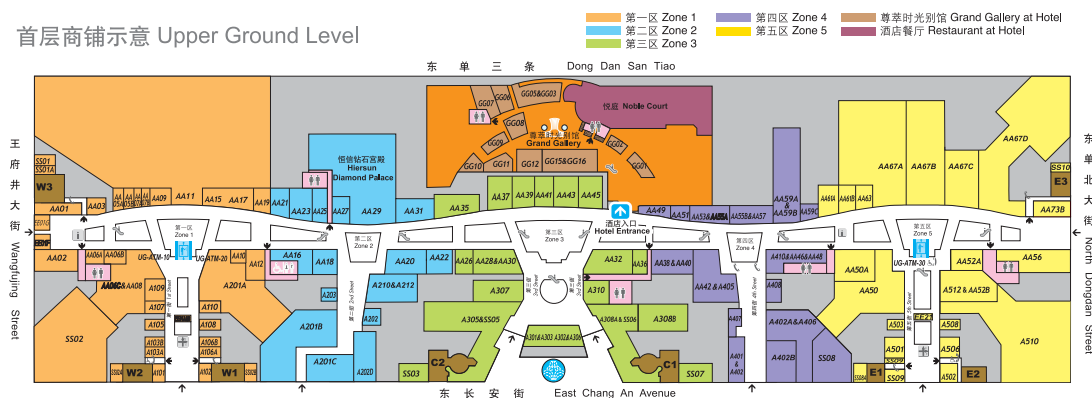
The Malls has an occupancy level of close to 100% and a long waiting list of over 250 prospective tenants.

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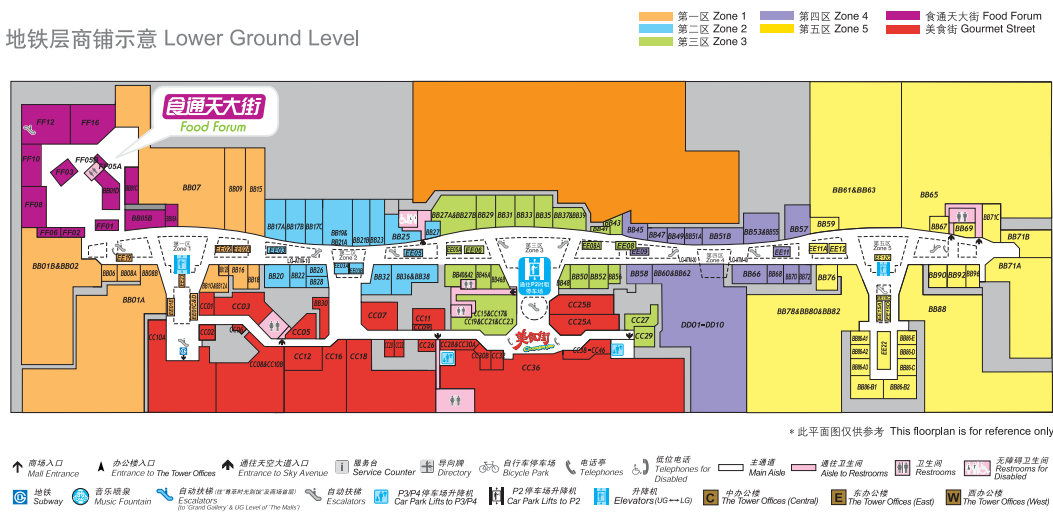
天空大道商铺示意 Sky Avenue



首层商铺示意 Upper Ground Level



地铁层商铺示意 Lower Ground Level



The Malls represents one of the largest shopping centres in the PRC. It is a popular destination for both local residents and tourists alike, and is a preferred choice for major retailers to establish a presence in Beijing. The Malls has received a number of awards, including:

- “Best One-Stop Shopping Venue” (“年度最佳一站式購物地獎”) by Beijing News (新京報) in 2010
- “Best Visual Decoration” (“年度最佳視覺裝飾”) by Life Style Media Group (精品傳媒 (集團)) in 2010
- “Fashion Pioneer in Commercial and Operational Industry” (“年度商業流通行業時尚先鋒”) by Beijing Star Daily (北京娛樂信報) in 2008

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- “Star Billboard For Beijing Commercial Systems — 5 Stars Shopping Environment” (“年度京城商業百姓星級榜—購物環境五星級商場”) by Beijing Morning Post (北京晨報) in 2008
- “The Best Fashion Shopping Mall in China” (“中國最佳時尚商場”) by BAZAAR Magazine in 2007
- “China Top 10 Commercial Building” (“中國商業地產十大名盤”) by China Architectural Culture Center (建設部中國建築文化中心) and Economic Daily (經濟日報社) in 2005

The Malls comprises a three-level shopping mall with a total Gross Floor Area of approximately 130,195 sq. m. and a total Rentable Area of approximately 74,032 sq. m. as at 31 December 2010. The size of each of the shop units at The Malls ranged from approximately 2 sq. m. to 2,991 sq. m. as at 31 December 2010.

The Malls has a committed occupancy level of close to 100.0% and a long waiting list of over 250 prospective retail tenants who have indicated interests in renting retail spaces as at the Latest Practicable Date. The Malls is the most iconic retail project in Beijing’s Wangfujing/ East Chang’an Avenue submarket, and its success helped establish Beijing’s high-end retail property market.³⁶ Securing a space within The Malls is highly valuable, as the location provides tenants with a competitive advantage.

Wangfujing/East Chang’an Avenue is a major shopping destination in Beijing for locals, domestic tourists from within the PRC and international travellers. The customer flow of the area averages approximately 200,000 per day on weekdays, approximately 250,000 per day on weekends and approximately 300,000 on public holidays. The average customer flow ranges from approximately 70 to 90 million annually.³⁷ The Malls also enjoys steady patronage underpinned by the more than 20,000 locals, expatriates and tourists who work in The Towers Offices, reside in The Tower Apartments, and stay in Grand Hyatt Beijing³⁸. There is also a synergy between the positioning and tenants of The Malls, the white collar employees of The Tower Offices, the residents of The Tower Apartments and the guests of the five-star Grand Hyatt Beijing.

As many of the tenants of The Tower Offices are leading multinational companies, and many residents of The Tower Apartments as well as guests of Grand Hyatt Beijing are professionals and business executives, this creates a natural and attractive catchment area for shoppers within the development.

According to DTZ, the average transacted rental of high-end retail properties in Wangfujing/East Chang’an Avenue was approximately RMB576 per net sq. m per month (in Quarter 4, 2010).³⁹ This rental is higher than the average of the whole Beijing market and currently remains the highest among all the major Beijing submarkets.⁴⁰ However, the average monthly rental per leased Rentable Area in sq. m. of The Malls is even higher, achieving approximately RMB835 in Quarter 4, 2010, and approximately RMB1,240 for leases on the ground floor of The Malls for December 2010.

The Malls in fact commands a rental as high as RMB4,000 per leased Rentable Area in sq. m. per month, among the highest in Beijing.

Access to The Malls is very convenient. The Malls is well-served by a comprehensive public transportation network with over 30 bus lines and it has access to Line 1 and Line 5 of the Beijing subway lines. It will have access to the future Line 8 (extension works expected to commence in 2012), which will pass through the area adjacent to Oriental Plaza. Being directly connected to the subway station, shoppers at The Malls are not affected by the harsh weather of Beijing of which snow

36 Source: Page VI-19 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

37 Source: Page VI-17 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

38 Source: Page VI-19 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

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

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

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blizzards, sandstorms and hot summers are commonplace. The approximately 1,900 car parking spaces (including loading/unloading spaces) in the basement levels of Oriental Plaza also provide convenient access to those who opt to visit The Malls by car.

The Malls is divided into seven major zones, namely Zone One to Zone Five on the Upper Ground and Lower Ground levels stretching from Gold Street to Silver Street, Grand Gallery (尊萃時光別館), and Sky Avenue (天空大道). Each zone has its own distinct identity and theme, enhancing the shopping experience for shoppers and catering to their different tastes, styles and demands. A number of major renovations, as well as continuous updates, have been undertaken over the years at The Malls to update its overall image and to keep the entire experience fresh for shoppers.

Tenants of The Malls encompass leading fashion, watch, jewellery, beauty and lifestyle brands. It is currently home to approximately 280 top international and domestic brands, including Burberry, HUGO BOSS, Tiffany, Givenchy, Dunhill, Moschino, Max Mara, Coach, Calvin Klein, Kenzo, Bally, S.T. Dupont, Kent & Curwen, Gieves & Hawkes, Agnes b, Ports 1961, DKNY, Juicy Couture, and Tommy Hilfiger.

More than 40 top international brands have chosen to locate their flagship stores at The Malls, including Trussardi, Montblanc, Cerruti 1881, A. Testoni, BMW Lifestyle, Tissot, Shanghai Tang and Blancpain.

Records have also been set for many international brands in Oriental Plaza. Examples include:

- The largest OMEGA shop in Beijing
- The only Audemars Piguet shop in Beijing
- The first Hublot store in Beijing
- The first Sony Style store in Beijing
- The only Audi Forum showroom in Asia
- The largest Nike store in Beijing
- The largest i.t. store in Beijing
- The largest Burger King restaurant in the PRC

A 500 metre luxury brand street inside The Malls stretches all the way along Chang'an Avenue, featuring preeminent luxury brands such as Glashutte, Piaget, Rolex, Vacheron Constantin, Ulysse Nardin, and IWC.

Several major banks such as Bank of China, Industrial and Commercial Bank of China, Standard Chartered Bank, China Construction Bank, China Merchants Bank and Bank of Beijing have also established branches at The Malls. To further enhance the shopping experience, The Malls contains two food streets, offering more than 50 food and beverage outlets across a wide spectrum of budgets and cuisines (including both international fare and domestic regional flavours).

Various tradeshows, exhibitions, roadshows and fairs are held regularly at the atriums (which do not form part of the Rentable Area) of The Malls. Recently such roadshows have been held by major brands such as Mercedes-Benz, Audi, Max Mara, Tissot, Calvin Klein, Swarovski, Sony, Nike, adidas, Motorola, Samsung and Vogue. These roadshows not only draw footfalls to The Malls, they also generate an additional revenue stream for The Malls.

As the cinemas at The Malls represent one of the premier cinemas in Beijing, The Malls is also a regular venue for film premieres and celebrity events, further enhancing the popularity of the destination for shoppers. For example, the movie premieres of *The Green Hornet* (青蜂俠), *Terminator Salvation* (未來戰士2018), *Ice Age 3: Dawn of the Dinosaurs* (冰河世紀3大威龍駕到) and *Casino Royale*

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(新鐵金剛智破皇家賭場) have all been held at The Malls, with many Hollywood and Chinese celebrities attending the events.

Given the improving economic environment in the PRC, the Manager expects that retail sales in Beijing, especially the high-end ones, will continue to grow. Such growth is expected to create further demand for retail premises⁴¹ and The Malls is poised to benefit from this due to its high quality offering and strategic location.

Despite an increasing new supply of shopping centres in Beijing, it is not expected that there will be any negative effect on mature retail projects such as The Malls⁴², located in the heart of an established shopping destination.

The Malls has maintained a strong operating performance over the past years, despite major market downturns such as those brought on by the global financial crisis.

The average monthly rentals per leased Rentable Area in sq. m. of The Malls for each of the four years ended 31 December 2007, 2008, 2009 and 2010 were approximately RMB588, approximately RMB665, approximately RMB732 and approximately RMB813 respectively.

The average annual rentals per leased Rentable Area in sq. m.⁴³ of The Malls for each of the four years ended 31 December 2007, 2008, 2009 and 2010 were approximately RMB7,055, approximately RMB7,978, approximately RMB8,786 and approximately RMB9,760, respectively.

The committed occupancy levels of The Malls as at 31 December 2007, 2008, 2009 and 2010 were approximately 100.0%, approximately 99.9%, approximately 99.4% and approximately 100.0%, respectively. The reasons for the slight decrease in the committed occupancy level as at 31 December 2008 as compared to that as at 31 December 2007 and for the slight decrease in the committed occupancy level as at 31 December 2009 as compared to that as at 31 December 2008 were that certain Rentable Area of The Malls was reserved by BOP and was not available for leasing due to the plans of BOP to merge or reorganise certain shop units.

41 Source: Page VI-7 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

42 Source: Page VI-14 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

43 The denominator used to calculate the average annual rental per leased Rentable Area in sq. m. is the average of the leased Rentable Area as at the end of the months for such period.

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Tenant Profile

The Malls has a mature and attractive tenant mix to appeal to shoppers of all tastes and ages. The tenant base comprises numerous leading international and domestic brands.

As at 31 December 2010, The Malls had 233 tenants. The following table sets out certain information on, among others, the top 10 tenants of The Malls in terms of Rentable Area as at 31 December 2010 and total monthly rental income for the month ended 31 December 2010:-

	Rentable Area ^{Note (1)} (sq.m.)	Percentage of total Rentable Area ^{Note (1)}	Percentage of total monthly rental income ^{Note (2)}
Top ten tenants ^{Note (3)}	15,447	20.9%	25.0%
Other tenants	58,585	79.1%	75.0%
Total	<u>74,032</u>	<u>100.0%</u>	<u>100.0%</u>

Notes:-

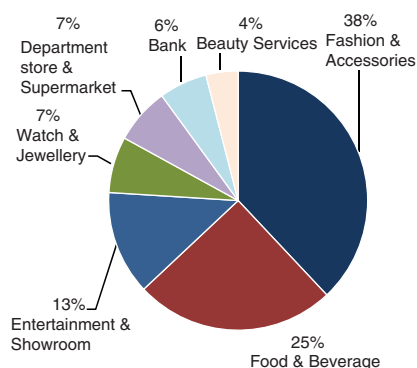
(1) As at 31 December 2010.

(2) Calculated as a percentage of the total monthly rental income for the month ended 31 December 2010.

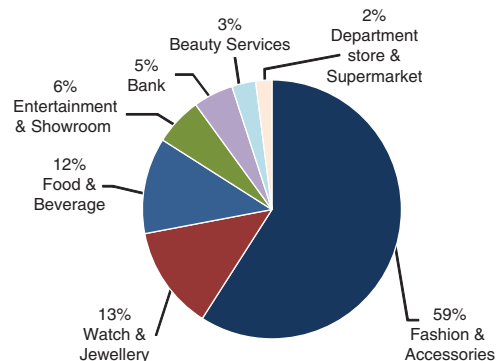
(3) Among the top ten tenants of The Malls, Bank of China Limited, Beijing Wanfujing Sub-Branch is a connected person of Hui Xian REIT under the REIT Code which rented approximately 1,497 sq. m. of The Malls, representing approximately 2.0% of total Rentable Area as at 31 December 2010 and approximately 2.4% of total monthly rental income in respect of the Malls for the month ended 31 December 2010, respectively. Save as disclosed aforesaid, none of the top ten tenants of The Malls is a connected person of Hui Xian REIT under the REIT Code.

The following charts illustrate the percentage of the total leased Rentable Area of The Malls as at 31 December 2010 occupied by tenants in each of the identified business sub-sectors based on the classification of the Manager and the percentage contribution of the tenants in these business sub-sectors to the total rental income for the month ended 31 December 2010:-

Leased Rentable Area occupied by each business sub-sector as at 31 December 2010



Contribution of each business sub-sector to monthly rental income for the month ended 31 December 2010



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Expiries

The following table sets forth details of expiries in respect of leases of The Malls as at 31 January 2011 which are scheduled to take place during the periods indicated:

Period	Number of expiring leases ⁽¹⁾	Leased Rentable Area of expiring leases (sq. m.) (Approximately)	Expiring leases as a percentage of total leased Rentable Area (Approximately)	Monthly total rental income of expiring leases ⁽²⁾ (RMB) (Approximately)	Percentage of total monthly rental income of expiring leases ⁽³⁾ (Approximately)
Year ending 31 December 2011	76	13,273	17.9%	12,423,489	21.2%
Year ending 31 December 2012	110	23,701	32.0%	22,442,213	38.4%
Year ending 31 December 2013	73	13,168	17.8%	13,076,823	22.4%
Year ending 31 December 2014	12	11,939	16.1%	6,694,048	11.4%
Year ending 31 December 2015	11	7,686	10.4%	3,334,100	5.7%
Year ending 31 December 2016	3	3,272	4.4%	427,971	0.7%
Year ending 31 December 2017	1	998	1.4%	113,200	0.2%
Total	286	74,037	100.0%	58,511,844	100.0%

Notes:

- (1) Assuming that the options to renew (if any) are not exercised.
- (2) Total monthly rental income in respect of expiring leases for the respective periods is calculated on the basis of aggregate total monthly rental income payable under the expiring leases for the month ended 31 January 2011.
- (3) Calculated as a percentage of the total monthly rental income as at 31 January 2011.

The Tower Offices (東方經貿城)



The Tower Offices is the largest Grade A office development in Beijing.



The Tower Offices has exclusive lobbies and entrances, and each tower is directly connected to The Malls.

The Tower Offices is located at the political centre of Beijing which is in close proximity 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).

The Tower Offices is currently the largest Grade A office development in Beijing (and has been since its opening)⁴⁴, comprising eight Grade A office buildings. The Tower Offices spans a total Gross Floor Area of 309,552 sq. m., with a Rentable Area of 298,361 sq.m. as at 31 January 2011. Tower E1,

⁴⁴ Source: Page VI-26 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

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Tower E2 and Tower E3 (which is also named “Ernst & Young Tower”) are located on the eastern side of Oriental Plaza, alongside the junction between North Dongdan Avenue and East Chang’an Avenue. Tower C1 and Tower C2 are located in the central part of Oriental Plaza alongside East Chang’an Avenue. Tower W1, Tower W2 (which is also named as “Deloitte Tower”) and Tower W3 are located on the western side of Oriental Plaza, alongside the junction between Wangfujing Street and East Chang’an Avenue.

Tower E1, Tower E2 and Tower E3 are all 18 storey buildings, while Tower C1, Tower C2, Tower W1, Tower W2 and Tower W3 have 12 storeys. The typical floor plates of the buildings range from approximately 2,500 sq. m. to 3,000 sq. m., with an efficiency rate of about 80.0%.⁴⁵ The layout of The Tower Offices has been designed to maximise flexibility for tenants, with movable flooring. All of the office buildings have exclusive lobbies and entrances, as well as being directly connected to The Malls which links the entire Oriental Plaza.

The Tower Offices features comprehensive information technology facilities to meet the demands of its tenants, including optical-fibre cabling, broadband internet and intranet services, VSAT, 24-hour fax and video conferencing and a multi-media network. Also available is The Towers Conference & Training Centre, which provides tenants with a facility for conducting meetings, seminars and conferences.

The Manager believes that the business of many corporations has been benefited from the synergy effect created by the four components of Oriental Plaza. Efficiency has been a key to their success here. The convenience of having suppliers and customers in the office vicinity, as well as the availability of reliable international standard support facilities such as a 5-star hotel for entertainment and visits from head office colleagues and overseas visitors; luxurious serviced apartments for the expatriate staff; and a world-class shopping mall for employees’ everyday needs — all enhance the operations of the office tenants greatly.

One important factor in the success of the Tower Offices at Oriental Plaza is the approach to customer relationships. Expansion plans of the tenants are often being taken into account when leases are negotiated so that they can be catered to as the corporations grow over time. The spirit is to work together for mutual success.

A professional property management team also ensures the utmost in security and comfort for tenants of The Tower Offices.

The Tower Offices was named the “Best Offices in Beijing” (“北京最佳寫字樓”) by Beijing Business Today (北京現代商報) in 2003, the judging panel of which included the Beijing Municipal Bureau of Commerce and the Beijing Administration for Industry and Commerce. It has also won an award of the “China Top 10 Intelligent Building” (“中國智能樓宇十大名盤”) by China Architectural Culture Center (建設部中國建築文化中心) and Economic Daily (經濟日報社) in 2005.

The committed occupancy levels of The Tower Offices as at 31 December 2007, 2008, 2009 and 2010 were approximately 97.2%, approximately 98.2%, approximately 93.8% and approximately 97.4%, respectively. The occupancy rate of The Tower Offices outperformed the average of Beijing as a whole since The Tower Offices launched in 2001.⁴⁶ The reason for the decrease in the committed occupancy level as at 31 December 2009 as compared to that as at 31 December 2008 was that some tenants suspended their expansion plans and did not renew their leases upon expiry in light of the global financial crisis in 2009. Due to the economic recovery from the global financial crisis, the committed occupancy level at 31 December 2010 increased as compared to that as at 31 December 2009.

The Tower Offices has a strong and diversified tenant base, which includes some of the leading multinational and domestic companies. These businesses span across such diverse industries as high

⁴⁵ The efficiency rate is calculated as dividing the net floor area by gross floor area.

⁴⁶ Source: Pages VI-26 and VI-29 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

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technology, investment, securities, finance, banking, accounting, law, pharmaceuticals, media, advertising, luxury goods and fast moving consumer goods.

Three of the “big four” accounting firms, namely Ernst & Young, Deloitte Touche Tohmatsu and KPMG, have chosen to base their Beijing headquarters at The Tower Offices. These firms have expanded many times over the years, starting from less than 6,000 sq.m. and each currently occupying more than 17,000 sq.m..

The historic naming of Ernst & Young Tower in 2006 marked the first time the accounting firm had acquired naming rights for their offices in China. Ernst & Young, which first began at Oriental Plaza with 4,200 sq.m., has undergone 22 expansions since then. As at 30 November 2010, Ernst and Young occupied approximately 25,880 sq.m. (approximately 8.7% of the Rentable Area of The Tower Offices). Another office tower of Oriental Plaza which has undergone a renaming is the Deloitte Tower. Deloitte Touche Tohmatsu first moved to Oriental Plaza in 2002 and had undergone six expansions to approximately 13,000 sq.m. at the time that Deloitte Tower was named in 2008. As at 30 November 2010, Deloitte Touche Tohmatsu occupied approximately 17,500 sq.m. (approximately 5.9% of the Rentable Area of The Tower Offices).

The tenant mix also includes a number of Fortune 500 companies. Major brands, firms and organisations occupying The Tower Offices include the Hong Kong Stock Exchange, RBS, Macquarie Bank, American Express Bank, British Telecom, Vale, Rolex, Shiseido, Chanel, Fanci, Toshiba, Burson-Marsteller, CPA Australia, Merck Sharp & Dohme, Deacons Law Firm, Sidley Austin, Metlife, HSBC Insurance, the Hong Kong Tourism Board and Thailand Tourism Board.

Accounting for approximately one third of the current Grade A office buildings available in the district, The Tower Offices has a significant influence on the market and acts as a benchmark for other Grade A office buildings in the area in terms of tenant mix.⁴⁷

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).⁴⁸ Naturally, there will be less pressure on the Grade A office building market in the future.⁴⁹ Furthermore, most of the future supply will be concentrated in the CBD area and no new completions are expected in the Wangfujing/ East Chang'an Avenue submarket over the next three years.⁵⁰ This indicates little market pressure on this submarket in the future.⁵¹

DTZ forecasts Beijing Grade A office buildings' rental may increase about 5.2% year-on-year over the next three years.⁵² This reflects the positive prospects for this market.

The average monthly rentals per leased Rentable Area in sq. m. of The Tower Offices for each of the four years ended 31 December 2007, 2008, 2009 and 2010 were approximately RMB157, approximately RMB160, approximately RMB167 and approximately RMB165, respectively.

The average monthly rental per leased Rentable Area in sq. m. achieved for renewals and new leases of The Tower Offices for the fourth quarter of 2010 and for the two months ended 28 February 2011 were approximately RMB183 and RMB200, respectively. In particular, the average monthly rental per leased Rentable Area in sq. m. achieved for new leases for the two months ended 28 February 2011 reached RMB229.

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

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

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

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

51 Source: Page VI-31 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

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

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The average annual rentals per sq. m. of leased Rentable Area⁵³ of The Tower Offices for each of the four years ended 31 December 2007, 2008, 2009 and 2010 were approximately RMB1,889, approximately RMB1,922, approximately RMB2,002 and approximately RMB1,979, respectively.

Tenant Profile

As at 31 December 2010, The Tower Offices had 486 tenants. The following table sets out certain information on, among others, the top 10 tenants of The Tower Offices in terms of Rentable Area as at 31 December 2010 and total monthly rental income for the month ended 31 December 2010.

	Rentable Area ^{Note (1)} (sq.m.)	Percentage of total Rentable Area ^{Note (1)}	Percentage of total monthly rental income ^{Note (2)}
Top ten tenants ^{Note (3)}	97,018	32.5%	33.2%
Other tenants	193,613	64.9%	66.8%
Vacant	7,730	2.6%	N/A
Total	<u>298,361</u>	<u>100.0%</u>	<u>100.0%</u>

Notes:-

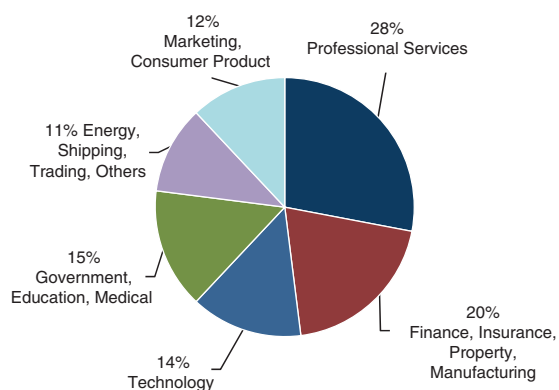
(1) As at 31 December 2010.

(2) Calculated as a percentage of the total monthly rental income for the month ended 31 December 2010.

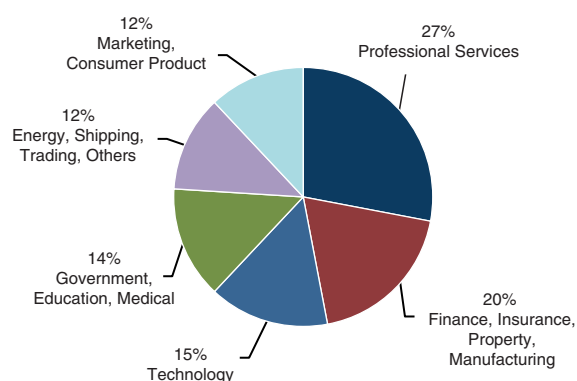
(3) Among the top ten tenants of The Tower Offices, Cheung Kong Graduate School of Business is a connected person of Hui Xian REIT under the REIT Code and rented approximately 9,046 sq. m. of The Tower Offices, representing approximately 3.0% of total Rentable Area as at 31 December 2010 and approximately 3.0% of total monthly rental income in respect of The Tower Offices for the month ended 31 December 2010, respectively. Save as disclosed aforesaid, none of the top ten tenants of The Tower Offices is a connected person of Hui Xian REIT under the REIT Code.

The following charts illustrate the percentage of the total leased Rentable Area of The Tower Offices as at 31 December 2010 occupied by tenants in each of the identified business sub-sectors based on the classification of the Manager and the percentage contribution of the tenants in these business sub-sectors to the total rental income for the month ended 31 December 2010:-

Leased Rentable Area occupied by each business sub-sector as at 31 December 2010



Contribution of each business subsector to monthly rental income for the month ended 31 December 2010



⁵³ The denominator used to calculate the average annual rental per leased Rentable Area in sq. m. is the average of the leased Rentable Area as at the end of the months for such period.

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Expiries

The following table sets forth details of expiries in respect of leases of The Tower Offices as at 31 January 2011 which are scheduled to take place during the periods indicated:-

Period	Number of expiring leases ⁽¹⁾	Leased Rentable Area of expiring leases (sq. m.) (Approximately)	Expiring leases as a percentage of total leased Rentable Area (Approximately)	Monthly total rental income of expiring leases ⁽²⁾ (RMB) (Approximately)	Percentage of total monthly rental income of expiring leases ⁽³⁾ (Approximately)
Year ending 31 December 2011	189	73,009	25.4%	12,997,164	26.5%
Year ending 31 December 2012	254	100,602	35.1%	18,095,470	36.9%
Year ending 31 December 2013	121	85,425	29.8%	14,030,472	28.6%
Year ending 31 December 2014	40	27,674	9.6%	3,845,822	7.9%
Year ending 31 December 2015	1	337	0.1%	62,345	0.1%
Total	605	287,047	100.0%	49,031,273	100.0%

Notes:

- (1) Assuming that the options to renew (if any) are not exercised.
- (2) Total monthly rental income in respect of expiring leases for the respective periods is calculated on the basis of aggregate total monthly rental income payable under the expiring leases for the month ended 31 January 2011.
- (3) Calculated as a percentage of the total monthly rental income as at 31 January 2011.

The Tower Apartments (東方豪庭公寓)



The Tower Apartments offers tenants housekeeping and concierge services, similar to that of a 5-star hotel.



Designed to exude a sense of serenity, the lobby entrances to The Tower Apartments are located on the raised podium level of the development.



The Tower Apartments is the largest serviced apartment development in Beijing.

The Tower Apartments is the largest serviced apartment development in Beijing⁵⁴. The development comprises two towers of serviced apartments — Millennium Heights (尊萃豪庭) and Centennial Heights (匯賢豪庭).

The Tower Apartments offers residents the utmost convenience of city living in a tranquil environment. Oriental Plaza has been architecturally designed to offer residents serenity by placing The Tower Apartments furthest away from the hustle and bustle of busy Wangfujing, and having the lobby entrances to The Tower Apartments located on the raised podium level of the development.

There are 613 serviced apartment units on offer in the two towers of The Tower Apartments with a total Rentable Area of approximately 81,098 sq. m. as at 31 December 2010. The sizes of the apartments range from approximately 31 sq. m. to 560 sq. m., offering studio units and between one

⁵⁴ Source: Page VII-21 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

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and four bedrooms units. Of the 613 apartments, 13 are studio units, 317 are one-bedroom units, 249 are two-bedroom units, 29 are three-bedroom units, four are four-bedroom units and there is one presidential suite.

All of the serviced apartments are fully furnished and equipped with a modern kitchen and appliances, as well as an electronic safe. In addition, all units offer satellite television and broadband internet access.

The Tower Apartments offers tenants housekeeping and concierge services, similar to that of a 5-star hotel, as well as multi-lingual customer service support to respond to the demands of the international tenant base.

Tenants of The Tower Apartments can also enjoy a wide range of facilities, including a reading room and 24-hour access to Club Oasis at Grand Hyatt Beijing, which features a gym with extensive equipment and a 50 metre resort-style indoor pool. As an added service to tenants, a number of activities are organised regularly, such as excursions to major attractions in Beijing and wine-tasting events.

The Tower Apartments benefits from being part of Oriental Plaza, this "World within a World". A full spectrum of shops and restaurants are only minutes away in The Malls and Grand Hyatt Beijing. The Tower Apartments is also very popular with tenants that work for companies located in The Tower Offices.

In addition, tenants of The Tower Apartments can apply for membership of The Malls Club. As members, they can earn points when spending at The Malls to earn rewards. Discounts are also offered to tenants for dining outlets at The Malls and Grand Hyatt Beijing.

The average monthly rentals per leased Rentable Area in sq.m. of The Tower Apartments for each of the four years ended 31 December 2007, 2008, 2009 and 2010 were approximately RMB161, approximately RMB198, approximately RMB145 and approximately RMB126, respectively.

The average annual rentals per leased Rentable Area in sq.m.⁵⁵ of The Tower Apartments for each of the four years ended 31 December 2007, 2008, 2009 and 2010 were approximately RMB1,934, approximately RMB2,376, approximately RMB1,745 and approximately RMB1,513, respectively.

The prospects for the serviced apartment market in Beijing are positive. In the short to medium-term as global economies improve and local markets continue to grow, demand for serviced apartments is expected to increase accordingly. Combined with a relatively limited pipeline of new serviced apartments entering the Beijing market in the near term, occupancy and rental rate are expected to improve.⁵⁶

In addition, it is expected that the tenant mix in Beijing will evolve to increase the proportion of singles and childless couples. This trend provides an opportunity for serviced apartments catering primarily to singles and small families. The Tower Apartments have traditionally catered to small-size households and is well positioned to benefit from this market trend.⁵⁷

The occupancy rates of The Tower Apartments as at 31 December 2007, 2008, 2009 and 2010 were approximately 81.6%, approximately 67.6%, approximately 71.6% and approximately 79.5%, respectively. The decrease in the occupancy rate as at 31 December 2008 as compared to that as at

⁵⁵ The denominator used to calculate the average annual rental per leased Rentable Area in sq. m. is the average of the leased Rentable Area as at the end of the months for such period.

⁵⁶ Source: Page VII-31 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

⁵⁷ Source: Page VII-30 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

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31 December 2007 was due to the significant amount of new supply in hotels and non-serviced apartments that opened prior to and during 2009.⁵⁸ In addition, the global financial crisis caused many multinational companies to reduce expatriate staff in China and/or lower housing budgets.⁵⁹ As the economy has recovered after the global financial crisis since 2009, the occupancy rates of the Tower Apartments have gradually increased.

Tenant Profile

As at 31 December 2010, The Tower Apartments had 425 tenants. The following table sets out certain information on different categories of tenants of The Tower Apartments in terms of the type of serviced apartments leased to them for the month ended 31 December 2010.

<u>Types of Units</u>	<u>Total number of tenants as at 31 December 2010</u>	<u>Total monthly rental income for the month ended 31 December 2010</u> (RMB)
Studio Units	10	56,388
One-bedroom Units	294	3,379,952
Two-bedroom Units	167	3,098,169
Three-bedroom Units	46	1,318,330
Four-bedroom Units	3	129,000
Presidential Suite	1	156,350

The following table sets out certain information on, among others, the top 10 tenants of The Tower Apartments in terms of total monthly rental income for 31 December 2010:-

	<u>Rentable Area^{Note (1)}</u> (sq.m.)	<u>Percentage of total Rentable Area^{Note (1)}</u>	<u>Percentage of total rental income^{Note (2)}</u>
Top ten tenants ^{Note (3)}	7,374	9.1%	13.8%
Other tenants	60,573	74.7%	86.2%
Vacant	13,151	16.2%	N/A
Total	<u>81,098</u>	<u>100.0%</u>	<u>100.0%</u>

Notes:-

(1) As at 31 December 2010.

(2) Calculated as a percentage of the total monthly rental income for the month ended 31 December 2010.

(3) Among the top ten tenants of The Tower Apartments, HSBC Bank (China) Company Limited, Beijing Branch, Beijing ChangLe Real Estate Development Company Limited and Beijing PoGarden Real Estates Development Company Limited are connected persons of Hui Xian REIT under the REIT Code. Save as disclosed aforesaid, none of the top ten tenants of The Tower Apartments is a connected person of Hui Xian REIT under the REIT Code.

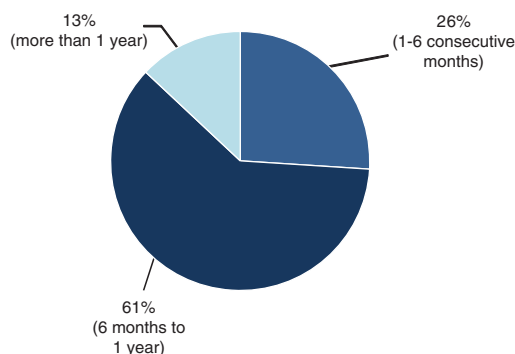
⁵⁸ Source: Page VII-22 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

⁵⁹ Source: Page VII-22 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

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The following chart shows the length of stay profile of The Tower Apartments in terms of total rental income for the month ended 31 December 2010:-

**Length of Stay by Total Rental Income for
the month ended 31 December 2010**



Long term stay (i.e. over six months) which comprises the bulk of the business stood at approximately 74% of total rental income. This figure is significantly higher than the long term stay sector for other serviced apartments in Beijing (which was approximately 59.9%).⁶⁰

Expiries

The following table sets forth details of expiries in respect of leases of The Tower Apartments as at 31 January 2011 which are scheduled to take place during the periods indicated:

Period	Number of expiring leases ⁽¹⁾	Leased Rentable Area of expiring leases (sq. m.) (Approximately)	Expiring leases as a percentage of total leased Rentable Area (Approximately)	Monthly total rental income of expiring leases ⁽²⁾ (RMB) (Approximately)	Percentage of total monthly rental income of expiring leases ⁽³⁾ (Approximately)
Year ending 31 December 2011	472	61,470	86.3%	5,618,112	89.7%
Year ending 31 December 2012	67	9,289	13.0%	606,656	9.7%
Year ending 31 December 2013	4	522	0.7%	40,382	0.6%
Total	<u>543</u>	<u>71,281</u>	<u>100.0%</u>	<u>6,265,150</u>	<u>100.0%</u>

Notes:

- (1) Assuming that the options to renew (if any) is not exercised.
- (2) Total monthly rental income in respect of expiring leases for the respective periods is calculated on the basis of aggregate total monthly rental income payable under the expiring leases for the month ended 31 January 2011.
- (3) Calculated as a percentage of the total monthly rental income as at 31 January 2011.

⁶⁰ Source: Page VII-25 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

Grand Hyatt Beijing (北京東方君悅大酒店)



Grand Hyatt Beijing has received over 100 major international and national awards.

Grand Hyatt Beijing is one of the leading five-star hotels in Beijing. With its close proximity to the city centre, a number of major landmarks, excellent transportation links and world-class services, Grand Hyatt Beijing is popular with business travelers, celebrities and high-ranking government officials.

Grand Hyatt Beijing enjoys a very convenient location, close to major government offices, key business addresses and tourist hotspots such as Tiananmen Square and the Forbidden City. Accordingly, Grand Hyatt Beijing attracts both leisure and corporate travellers.

Its reputation as one of the top hotels in the capital is longstanding. Grand Hyatt Beijing has received over 100 major international and national awards since opening. In 2010, the following awards have been attained:

- “Best Business Hotel in Beijing” by Business Traveller Asia-Pacific (7-time winner)
- “Best Hotel in Beijing” by Asiamoney (5-time winner)
- “Best Hotel in Beijing” by DestinAsian (for 5 consecutive years)
- “China’s Top Hotels” by Travel+Leisure (for 4 consecutive years)
- “Best Business Hotel in Beijing” by The Asset (4-time winner)
- “Best Hotel in Beijing” by Condé Nast Traveller (3-time winner)
- “Best Business Hotel in Beijing” by National Geographic Traveller China (for 2 consecutive years)
- “Top 25 Conference Hotels” by Smart Travel Asia (for 2 consecutive years)
- “Best Beijing Luxury Hotel” by Hurun Report

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Grand Hyatt Beijing is managed by the Hotel Manager, a member of Hyatt International Corporation — a renowned international hotel operator.

With 24 floors (including four basement levels), Grand Hyatt Beijing currently has a total of 825 guest rooms and suites. The types and number of guest rooms and suites are listed as follows:-

Type of guest rooms and suites	Number of room / suite
Grand Room	399 rooms
Grand Deluxe	92 rooms
Grand Deluxe — Two-bedroom	59 rooms
Club Room	107 rooms
Club Deluxe	49 rooms
Grand Suite	67 suites
Club Deluxe — Two-bedroom	27 suites
Grand Executive Suite	20 suites
Diplomat Suite	3 suites
Ambassador Suite	1 suite
Presidential Suite	1 suite
Total	825 rooms / suites

Each guest room and suite features desk space and in-room facilities, including computer data ports for broadband internet access.

Grand Hyatt Beijing offers a number of meeting spaces, food and beverage outlets and other facilities, including the following:-

Meeting spaces	Food and beverage outlets	Other facilities
<ul style="list-style-type: none"> Meeting spaces include two Grand Ballrooms, five Grand Salons, five Drawing Rooms, four Residence and four Boardrooms, covering 2,924 sq. m. The Residence is a multi-functional residential-style facility that includes three meeting rooms, two coffee bars and a private lounge, and can accommodate up to 300 guests 	<ul style="list-style-type: none"> Noble Court (Cantonese) Made in China (Chinese) Da Giorgio (Italian) Grand Café Redmoon Restaurant and Bar Fountain Lounge The Patisserie 	<ul style="list-style-type: none"> 50-metre resort-style indoor pool 24-hours gymnasium with personalised LCD screens Steam and sauna rooms, and a whirlpool Fitness and well-being class Massage treatment room Business centre

The food and beverage outlets at Grand Hyatt Beijing are popular with local residents and travellers in Beijing as well as hotel guests. Given their popularity, the food and beverage outlets provide Grand Hyatt Beijing with strong cashflow and a stable source of income. A number of awards have been received by Grand Hyatt Beijing's dining outlets.

"Made in China" (長安壹號), Grand Hyatt Beijing's Chinese restaurant, has earned several distinctions, including:-

- "Outstanding Contemporary Chinese Restaurant" by The Beijinger in 2010
- "Best Beijing Cuisine Restaurant" by Time Out Beijing (Chinese version) in 2009

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- “Best Restaurant Selection” by Modern Weekly in 2009
- “The Best Restaurant for Romantic Dating” by Modern Weekly in 2008
- “One of the Best 50 Restaurants in China” by Food & Wine (Chinese version) from 2006 to 2010

“Noble Court,” the hotel’s Cantonese restaurant, was also awarded “Recommended Cantonese Cuisine” by Time Out Beijing (Chinese version) in 2009.

Grand Hyatt Beijing also generates income from its outside catering service to venues within the capital city, as well as other parts of the PRC.

A comprehensive range of leisure facilities are also offered by Grand Hyatt Beijing. Club Oasis is a fully-equipped fitness centre with a unique 50-metre resort-style indoor pool, which features a lush setting of greenery and changing skylscapes.



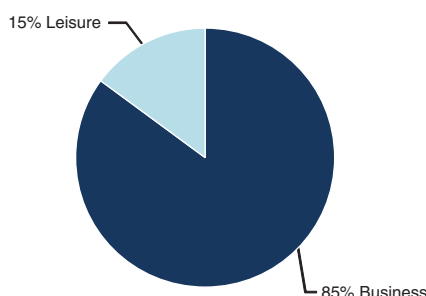
Guests at Grand Hyatt Beijing have access to Club Oasis, a fitness centre with a breathtaking resort-style indoor pool.

Grand Hyatt Beijing introduced the Club at the Hyatt programme (“**CATH programme**”) in 2001. As at 31 December 2010, the CATH programme had 3,600 members. Under the CATH programme, members are entitled to unique benefits including accommodation, dining and vouchers. The CATH programme helps to create a group of loyal customers for Grand Hyatt Beijing.

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As shown in the chart set out below, for the year ended 31 December 2010, business travellers and leisure travellers accounted for approximately 85% and approximately 15%, respectively, of hotel guests by number of room nights.

**Visitor Mix by Number of Room Nights
for the year ended 31 December 2010**



Note: The visitor mix by number of room nights are statistical data collected at Grand Hyatt Beijing.

Set out below is a table which sets out average occupancy rate and other operating data relating to Grand Hyatt Beijing for the periods indicated.

	Year ended 31 December			
	2007	2008	2009	2010
Number of rooms	825	825	825	825
Average occupancy rate (%)	72.6	62.3	56.9	65.6
Average room rate ^{Note} (RMB)	2,029	2,736	1,470	1,552
RevPAR (RMB)	1,473	1,703	836	1,019

Note: Including service charge.

The decrease in average occupancy rates from 2007 to 2009 was affected by the general market conditions. Such decrease was mainly due to the oversupply of hotel rooms after the Beijing Olympics, the significant amount of new supply in hotels and non-serviced apartments that opened prior to and during 2009⁶¹, and the global financial crisis which caused a worldwide decline in travel demand and resulted in curtailed travel budgets, particularly affecting demand for high-end hotels⁶². The increase in average occupancy rate for the year ended 31 December 2010 was mainly due to the economic recovery from the global financial crisis which led to an increase in occupancy level and room rate.

The revenue generated from the food and beverage outlets at Grand Hyatt Beijing for each of the three years ended 31 December 2007, 2008 and 2009 and for the ten months ended 31 October 2010 were approximately RMB248 million, approximately RMB240 million, approximately RMB179 million and approximately RMB170 million, respectively.

⁶¹ Source: Page VII-22 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

⁶² Source: Page VII-18 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

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For the ten months ended 31 October 2010, revenue and profit attributable to the food and beverage business and other minor departments of Grand Hyatt Beijing which are not directly related to the hotel room accommodation (the **“F&B And Other Hotel Business”**) were approximately 9.8% and approximately 4.5% of the revenue and profit for Oriental Plaza, respectively.

As BOP's interest in Grand Hyatt Beijing includes the ownership and operation of the F&B And Other Hotel Business, Hui Xian REIT's indirect investment in BOP through Hui Xian Investment also includes the ownership and operation of the F&B And Other Hotel Business. The rationale for Hui Xian REIT's retention of its indirect interest in the F&B And Other Hotel Business after the Listing Date is as follows:

- (i) The entire operation of Grand Hyatt Beijing is an integral part of Oriental Plaza. Commercially the operation of Grand Hyatt Beijing (on one hand) and the rental business of The Malls, The Tower Offices and The Tower Apartments (on the other hand) complement each other. The F&B And Other Hotel Business is regarded as a value-added service provided to the guests of Grand Hyatt Beijing and to the tenants of The Malls, The Tower Offices and The Tower Apartments.
- (ii) The Manager is of the view that since the majority of the total income or profit of BOP is attributable to the rental income of The Malls, The Tower Offices and The Tower Apartments, Hui Xian REIT as a whole is capable of providing steady returns to Unitholders even if there may be fluctuation in the F&B And Other Hotel Business, which only accounts for a small proportion of the total revenue and profit of Oriental Plaza.
- (iii) Further, substantial amendments to the existing contractual and other arrangement with the Hotel Manager in respect of the operation of Grand Hyatt Beijing would be required if the F&B And Other Hotel Business is excluded from Hui Xian REIT.

Grand Hyatt Beijing's location, being adjacent to the well-known Wangfujing shopping district, together with it being an integral part of a 800,000 square-metre mixed use complex of Grade A office buildings and retail has allowed Grand Hyatt Beijing to capture a significant amount of corporate business, including those for Meetings, Incentives, Conventions and Exhibitions (“MICE”), as well as leisure⁶³. The large portion of high-end corporate business also contributes to the hotel's ability to achieve high room rates⁶⁴.

A number of large conferences are held at Grand Hyatt Beijing annually. The attending delegates occupy hundreds of rooms, utilise almost all the function rooms, as well as generate tremendous food and beverage business.

The competitive set of Grand Hyatt Beijing includes the Peninsula Beijing, China World Hotel, the Kerry Centre Hotel, Westin Beijing Financial Street and Regent Hotel Beijing⁶⁵. Against this competitive set and Beijing's five-star hotels, Grand Hyatt Beijing has consistently achieved a leading position in average room rate, occupancy and RevPAR⁶⁶.

Between 2007 and 2010, Grand Hyatt Beijing has consistently achieved impressive monthly RevPAR premiums ranging from RMB280 to RMB580 against the competitive set⁶⁷.

63 Source: Page VII-18 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

64 Source: Page VII-18 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

65 Source: Page VII-18 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

66 Source: Page VII-18 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

67 Source: Page VII-18 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

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During the period of January through December 2010, Grand Hyatt Beijing was ranked first among its direct competitors in room rate and second in occupancy.

Marketing and Leasing Activities

Currently, BOP has dedicated marketing teams which identify suitable tenants in desired target groups for The Malls, The Tower Offices and The Tower Apartments. The Malls, The Tower Offices and The Tower Apartments are then actively marketed to such prospective tenants through advertisements in the print media, direct calls, flyers and property agents. The agents and prospective tenants are also regularly updated with the list of available office, apartment or retail units for rent. After the establishment of the Property Manager, such marketing functions currently undertaken by BOP will be transferred to and undertaken by the Property Manager pursuant to the Operations Management Agreement.

The Hotel Manager has a dedicated sales and marketing team with a view to maximising occupancy rates and revenue. Sales and marketing activities carried out by the team include building relationships with corporate clients, offering bulk discount rates, increasing media exposure locally and internationally, and conducting sales trips and trade shows.

Leases

The leases entered into for The Malls are generally for terms ranging from two to five years. Longer lease terms are sometimes granted to tenants depending on the market practice of a particular industry and the strategy of The Malls. The terms of most leases are fixed with no option to renew.

The leases entered into for The Tower Offices are generally for terms ranging from two to five years, depending on factors such as the needs of tenants and the strategy of The Tower Offices. The terms of most leases are fixed and some have options to renew.

The leases entered into for The Tower Apartments are generally for terms ranging from one month to two years, depending on factors such as the needs of tenants and rentals. The terms of most leases are fixed with no option to renew. Longer lease terms are sometimes granted to tenants depending on the tenants' need and rentals.

At the time of entering into a lease, tenants of The Malls and The Tower Offices are generally required to pay a security deposit covering three months' rent, management charges, utility charges and deposit for fitting out. Tenants of The Tower Apartments are generally required to pay a security deposit covering two months' rent and a telephone charge deposit. Security deposits do not bear interest. Such deposits are refundable at the end of a lease subject to such deduction as may be necessary to repair and make good the premises to conditions as stipulated in the leases.

Tenants of The Malls, The Tower Offices and The Tower Apartments generally are required to pay their monthly rent in advance. Depending on market conditions, limited rent-free periods (currently around two to three months for new tenants of The Malls and The Tower Offices with a lease term of three years in general) are sometimes granted under the leases, which is generally consistent with market practice.

Five Year Transaction History

There were no transactions relating to Oriental Plaza in the past five years immediately preceding the Latest Practicable Date.

Information Regarding the Title of Oriental Plaza

BOP holds Oriental Plaza under a Land Use Rights Certificate (京市東港澳臺國用(2006 出)第10128號) as well as a Building Ownership Certificate (京房權證市東港澳臺字第10283號) with land use rights for a term of 50 years from 22 April 1999 to 21 April 2049.

A civil defence shelter with a Gross Floor Area of 24,474 sq.m. is located at the basement of Oriental Plaza as required by the relevant PRC laws and regulations. The ownership of the civil defence shelter belongs to the PRC government. BOP has obtained a permit allowing it to use part of the civil defence shelter with a Gross Floor Area of 23,577 sq.m. as car parking spaces for the period from 20 May 2008 to 20 May 2013.

Before its expiry, BOP may apply for renewal of such permit with the relevant civil defence authority, and when approved by the relevant civil defence authority, BOP can continue to use the civil defence shelter as car parking spaces during the renewed period as approved.

If the permit is not renewed, BOP will cease to have the right to use the civil defence shelter for car parking purpose or other authorized purpose upon expiry of the existing permit. Given that BOP had in the past been able to successfully renew such permit and, barring unforeseen events, the Manager believes that BOP should be able to obtain such renewal. However, should there be no renewal of such permit, the Manager expects that impact on BOP, and thus Hui Xian REIT, would not be material.

General

Renovation and Improvement

Oriental Plaza intends to undergo renovation in 2011. The estimated cost of such renovation is approximately RMB93 million, the majority of which, i.e. approximately RMB54 million, is planned to be used for renovating the rooms and restaurants of Grand Hyatt Beijing, while approximately RMB39 million is planned to be used for other improvement works of Oriental Plaza. Such renovation and improvement costs will be internally funded.

Employees

As at the Latest Practicable Date, BOP, by itself and through its branch, employed a total of approximately 570 employees in the PRC to carry out and provide hotel operations, leasing, property management, and other commercial functions and services and to handle legal, regulatory and other administrative matters. In relation to Grand Hyatt Beijing, under the Hotel Management Agreement, it is provided that the employees engaged to operate the hotel would be employees of BOP, not of the Hotel Manager.

BOP has contributed to employee retirement benefits schemes, medical and social security insurance schemes and housing provident fund.

As regards the existing employees employed by the branch of BOP to perform the hotel operation functions and services under the management of the Hotel Manager (totalling approximately 390 employees as at the Latest Practicable Date), those who remain to work for Grand Hyatt Beijing, they will continue to be employed by the branch of BOP after the Listing Date. Also, new hotel-related employees subsequently engaged will be employed in a similar manner. There is not expected to be a substantial increase in the total number of directly employed hotel-related employees after the Listing Date. The reasons for the direct employment of hotel-related employees by the branch of BOP after the Listing Date include the existing contractual arrangements under the Hotel Management Agreement between BOP and the Hotel Manager which provide that the hotel-related employees are expected to be employed by BOP. Such contractual arrangements have been in place with the Hotel Manager for many years, long before the establishment of Hui Xian REIT and the Offering (for details of the Hotel Management Agreement, see the section headed "Material Agreements and Other

Documents Relating to Hui Xian REIT — Hotel Management Agreement” in this Offering Circular). Variation of the current employment arrangement in respect of the hotel-related employees will be inconsistent with the spirit of such contractual arrangement and difficulty is expected to be encountered in obtaining the Hotel Manager’s agreement to the change.

As at the Latest Practicable Date, a total of approximately 180 employees were employed by BOP to handle legal, regulatory and other administrative matters and to carry out and provide commercial functions and services, including leasing and some other property management functions and services other than the hotel operation functions and services. Except in relation to certain employees who will perform a number of selected roles and functions (the “**Core Non-Hotel Functions**”), the above existing non-hotel employees will remain employed by BOP until the expiration of their existing employment contracts or their natural cessation of employment, and after that transition period the existing non-hotel employees (if retained) will be employed by the Property Manager and/or other service providers to carry out those functions and services. After the Listing Date and after the establishment of the Property Manager, except for employees who will perform the Core Non-Hotel Functions, any new employees to be engaged to perform functions and services other than those relating to the hotel operation will not be directly employed by BOP.

The Core Non-Hotel Functions will continue to be performed by employees directly employed by BOP, notwithstanding the expiration and renewal of their existing employment contracts. Any new employees engaged subsequent to the Listing Date to perform the Core Non-Hotel Functions will also be directly employed by BOP if necessary. After the transition period referred to above, it is expected that there will be a reasonable number of employees directly employed to perform the Core Non-Hotel Functions, approximately 50. The above arrangement for BOP’s direct employment of employees to perform the Core Non-Hotel Functions after the Listing Date is because, among others, the management of Oriental Plaza and the management and operation of BOP are regulated by the relevant PRC laws and regulations and the JV Documents, and in particular, certain obligations and functions of BOP are required to be discharged and performed by BOP itself pursuant to the relevant PRC laws and regulations and the JV Documents.

The Manager has applied for a waiver from strict compliance with Rule 7.5(c)(i) of the REIT Code to allow the above employee arrangement after the Listing Date based on the following grounds, and the SFC has granted such a waiver:

- (A) the management of Oriental Plaza and the management and operation of BOP are regulated by the relevant PRC laws and regulations and the JV Documents of BOP. In particular, the employment of the hotel-related employees and the non hotel-related employees is regulated by the relevant PRC labour laws and regulations and certain obligations and functions of BOP are required to be discharged and performed by BOP itself pursuant to the relevant PRC laws and regulations and the JV Documents.
- (B) under the above arrangement, most of the direct employees of BOP will be the hotel-related employees. For each of the years ended 31 December 2007, 2008 and 2009 and the ten months ended 31 October 2010, the total staff costs in respect of the hotel related employees represented only approximately 4.7%, approximately 4.3%, approximately 3.5% and approximately 3.6% of the total revenue of BOP for the corresponding period. Such percentage figures are relatively low, partly as a result of the fact that the hotel is only one of the multiple user types of Oriental Plaza.
- (C) pursuant to the existing contractual arrangement between BOP and the Hotel Manager, the hotel-related employees are expected to be employed by BOP. That arrangement has been in place with the Hotel Manager since the commencement of the hotel operation in 2001. Variation of the current employment arrangement in respect of the hotel-related employees will be inconsistent with the spirit of such contractual arrangement and difficulty may be expected to be encountered in obtaining the Hotel Manager’s agreement to the change.

- (D) the above employee arrangement of Hui Xian REIT will not be materially prejudicial to Hui Xian REIT because:
- (i) Under the above employee arrangement of Hui Xian REIT, after the transitional period referred to above, the number of non hotel-related employees directly employed by BOP will be reduced to not more than approximately 50. The Manager has confirmed that the total number of hotel-related employees of the branch of BOP is not expected to increase substantially after the Listing Date, and the majority of the hotel-related employees will mainly be engaged to perform day-to-day functions and services as part of the hotel operations. Based on the historical figures as mentioned in paragraph (B) above, the total staff costs in respect of the direct employees of BOP (and its branch) after the Listing Date are expected to be relatively low as compared to the total revenue of BOP. Therefore, the Manager believes that the risks of the direct employees causing significant liabilities or losses to BOP, and hence indirectly to Hui Xian REIT, are low.
 - (ii) Even if an employer outside Hui Xian REIT and its Special Purpose Vehicles is engaged to employ the relevant employees, the costs and liabilities in relation to their employment are expected to be passed to Hui Xian REIT indirectly. Additional costs and other potential liability may also arise as a result of the involvement of an outside employer. Thus, the proposed employee arrangement of Hui Xian REIT would not result in any material adverse financial liability to Hui Xian REIT as compared with other arrangements involving (or relying more heavily on) outside employer companies.

For details of the above waiver, see the section headed “Modification, Waivers and Licensing Conditions — Employees of BOP — Paragraph 7.5(c) of the REIT Code”.

In addition to BOP’s direct employment of employees, external human resources providers or agents are engaged by BOP and its branch to employ and second staff for use by BOP and its branch for the hotel and non-hotel operations. As confirmed by Commerce and Finance Law Offices, the PRC legal advisers to the Manager, no employment or labour relationship will be constituted between BOP or its branch and such staff under secondment to BOP or its branch under the relevant PRC laws on labour contracts.

The senior management of BOP comprises CHEUNG Ling Fung, Tom (General Manager of BOP), WONG, James (Deputy General Manager and Chief Corporate Affairs Officer of BOP), CHAN Yiu Lung (General Manager of Property Management of BOP), LAI Wai Yin, Agnes (Financial Controller of BOP), LEUNG Pik Sai, Charlotte (Chief Leasing Manager of The Tower Offices and The Tower Apartments of BOP) and TSE Hiu Fun, Louisa (Chief Leasing Manager of The Malls of BOP). Each of them has also been a member of the management team of the Manager since April 2011. For details of their working experience, see the section headed “The Manager and The Property Manager — Organisation and Reporting Structure of the Manager” in this Offering Circular.

Competition

The retail, office, serviced apartment and hotel property sectors in Beijing are highly competitive. Principal competitive factors include rental rates, quality and location of properties and supply of comparable retail office, serviced apartment and hotel space.

Competition of the retail property market in Beijing

In recent years, the supply and demand of shopping centres in Beijing have both been strong. According to the research of DTZ, new retail projects will be launched in the next six months after January 2011 which will induce an increase in the vacancy rate and slow the growth rate of the rental level, thus causing fierce competition in the market.⁶⁸

⁶⁸ Source: Page VI-16 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

Competition in Grade A office building market in Beijing

According to DTZ, there has been an increasing supply of Grade A office buildings since 2005.⁶⁹ By the end of 2010, the Grade A office buildings totalled approximately 6.6 million sq.m. (gross floor area).⁷⁰ Due to the global financial crisis during the fourth quarter of 2008 and 2009, the vacancy rate increased remarkably in a short period. According to DTZ, the future supply of Grade A office buildings in Beijing in the next three years (i.e. from 2011 to 2013) is predicted to be much less than the total supply in the past five years (i.e. from 2006 to 2010).⁷¹ As a result, there will be little pressure for the Grade A office building market in the future.

Competition in the serviced apartment market in Beijing

According to the research of JLL, in 2010, the only new supply of serviced apartments in Beijing was a 407-unit Oakwood Residence located in Dongzhimenwai Xiejie.⁷² One additional property, namely Fraser Place, is expected to have 150 units and to open in 2011.⁷³ No new supply is expected to open in the Wangfujing area before 2012.⁷⁴ As a result, the competitive pressure in the serviced apartment market in Beijing is likely to reduce.

Competition in the hotel market in Beijing

According to the research of JLL, there has been a substantial increase in the new supply of internationally branded high-end hotels in Beijing in recent years.⁷⁵ It is anticipated that a minimum amount of 4,191 new guest rooms are expected to be provided in 2011 and beyond.⁷⁶ Strong competition caused by an influx of new supply and reduced travel and travel budgets as a result of the global financial crisis have put pressure on the performance of Beijing's five-star hotels in 2009.

The Manager is of the view that certain features of Oriental Plaza protect it against current and future competition:-

- Prime location in the heart of Beijing;
- Benefits of "World within a World";
- Large and diversified asset providing regular and stable distribution;
- Future growth through active management;
- Defensive lease expiry profile;
- Minimal capital expenditure requirement;
- Highly experienced and motivated management team;
- Widely recognised brand; and
- Economic growth of Beijing.

For details, see the section headed "Competitive Strengths" in Offering Circular for more information about the competitive strengths of Oriental Plaza.

⁶⁹ Source: Page VI-26 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

⁷⁰ Source: Page VI-26 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

⁷¹ Source: Page VI-27 of Appendix VI — Letter from DTZ in relation to Retail and Office Property Market in Beijing.

⁷² Source: Page VII-23 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

⁷³ Source: Page VII-23 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

⁷⁴ Source: Page VII-23 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

⁷⁵ Source: Page VII-15 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

⁷⁶ Source: Page VII-15 of Appendix VII — Letter from JLL in relation to Serviced Apartment Property Market and Hotel Industry in Beijing.

Insurance

BOP has obtained insurance for Oriental Plaza that the Manager believes is adequate and in line with the industry practice in Beijing. This includes comprehensive property insurance (including insurance against fire and flood), property all risks insurance, loss of profit insurance and public liability insurance which is taken out for covering third party liability in respect of the common areas of all Oriental Plaza and the units of some part of Oriental Plaza. The deductible amounts required under such policies are in line with industry practice. There are, however, certain types of risks that are not covered by some of these insurance policies, including (among others) losses resulting from war and nuclear contamination.

Litigation

A former tenant instituted legal proceedings against BOP at Beijing Dongcheng District People's Court (北京市東城區人民法院) claiming damages in the total amount of approximately RMB906,000 in relation to a lease entered into between BOP and the said tenant. BOP has counterclaimed against the former tenant claiming, among others, forfeiture of security deposit paid by such tenant and damages together amounted to approximately RMB2.4 million. The proceedings was still pending as at the Latest Practicable Date.

An employee of a staffing firm who was assigned to provide service at Oriental Plaza instituted arbitration against BOP at Labour Arbitration Committee of Beijing Xicheng District (北京市西城勞動爭議仲裁委員會) claiming damages in the total amount of approximately RMB8,900 in relation to a labour dispute. The arbitration proceedings was still pending as at the Latest Practicable Date.

Save as disclosed, none of Hui Xian REIT, the Manager and BOP is currently involved in any material claims, disputes or litigation nor, to the best of the Manager's knowledge, is any material claim, dispute or litigation currently threatened or contemplated against any of Hui Xian REIT, the Manager and BOP, that could materially affect Hui Xian REIT or the proposed listing of it.

Legal and Regulatory Compliance

The Manager has been advised by Commerce and Finance Law Offices, its PRC legal advisers that BOP has obtained all relevant approvals, permits, licences and certificates for its holding of the land use rights and the building ownership rights over Oriental Plaza and for it to conduct its current businesses and that BOP has complied with the relevant PRC laws and regulations in all material respects.

See Appendix IX — Overview of Relevant Laws and Regulations in the People's Republic of China and Comparison of Certain Aspects of its Property Law with the Laws of Hong Kong for the applicable law and regulation to which Hui Xian REIT will be subject to.