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New Century Real Estate Investment Trust
開元產業投資信託基金

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 1275)

Managed by
NEW CENTURY ASSET MANAGEMENT LIMITED

ANNOUNCEMENT

MAJOR DISPOSAL
IN RELATION TO THE DISPOSAL OF
HOLIDAY INN EINDHOVEN

THE DISPOSAL

On 13 September 2019, after trading hours, New Century Europe entered into the Share Purchase Agreement with the Purchasers for the disposal of the entire issued share capital of the Target Company for the Purchase Price to the Purchasers. The Target Company holds the Property (and Holiday Inn Eindhoven). Following the Completion, New Century REIT will cease to hold any interest in New Century Netherlands and hence in Holiday Inn Eindhoven.

The Purchase Price

The Base Purchase Price has been arrived at on a willing buyer-seller and arm's length basis and with reference to the Appraised Value. The Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million) represents a premium of 25.2% to the Appraised Value of €31.75 million (equivalent to approximately RMB248.31 million) as appraised by the Independent Property Valuer. In addition, the Base Purchase Price of €39.75 million represents a premium of 54.7% above the base purchase price of €25.70 million paid for the acquisition of Holiday Inn Eindhoven in August 2016.

The Initial Purchase Price is the aggregate of (i) the Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million); plus (ii) the Current Assets as at the Completion Date; minus (iii) the Liabilities as at the Completion Date.

There shall be no adjustment to the Purchase Price to reflect (i) any deferred tax liability in relation to the latent capital gain of the Target Company, (ii) any deferred tax asset, (iii) potential turnover tax (VAT) in relation to the Disposal; (iv) RETT in relation to the Disposal, and (v) any need or obligation to make any capital expenditure of any nature to Holiday Inn Eindhoven (which will be for the Purchasers' account due to its acceptance of the Property in an "as is and where is" state).

REGULATORY IMPLICATIONS

This announcement is made by New Century REIT pursuant to paragraphs 10.3 and 10.4 of the REIT Code.

The Base Purchase Price, together with the Expenses, represents approximately: (a) 22.71% of the total market capitalisation of New Century REIT, based on the average closing price of New Century REIT on the Stock Exchange for the five business days immediately preceding the date of this announcement; and (b) approximately 6.03% of the total assets (less distribution payable) of New Century REIT as at 30 June 2019. The net profit attributable to the Target Company (after deducting all charges except taxation and before minority interests and extraordinary items) represents approximately 39.71% of the total net profit of New Century REIT (after deducting all charges except taxation and before minority interests and extraordinary items) for the year ended 31 December 2018 (as disclosed in the 2018 Annual Report). Accordingly, the Disposal constitutes a major transaction by New Century REIT pursuant to the Listing Rules (as if they were applicable to New Century REIT).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchasers and their ultimate beneficial owners is an Independent Third Party. Accordingly, the Disposal, the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement and the transactions contemplated thereunder do not constitute connected party transactions of New Century REIT under the REIT Code.

In addition, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal. Accordingly, New Century REIT has obtained a written approval from its controlling shareholder, Huge Harvest, which directly holds 550,251,164 Units as at the date of this announcement (representing approximately 56.91% of the voting rights of New Century REIT), to approve the Disposal.

The legal advisers to the REIT Manager as to Hong Kong laws, Dechert, has advised the REIT Manager that acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT). Pursuant to Rule 14.44 of the Listing Rules (as if they were applicable to New Century REIT), such written approval can be accepted in lieu of a general meeting for the approval of the Disposal. Accordingly, the acceptance of the Written Approval in lieu of general meeting to approve the Disposal would not and should not have any impact on the REIT Manager's ability to uphold good corporate governance principles and best industry standards.

Based on the advice of Dechert and other factors as set out in this announcement, the Board is satisfied that (i) acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT), and (ii) also considers that the Written Approval is in the best interests of New Century REIT and its Unitholders as a whole.

A circular containing, among other things, further information in relation to the Disposal will be despatched to the Unitholders on or around 4 October 2019.

Warning: Completion is subject to the fulfillment or (where applicable) waiver of the conditions precedent. As such, the Disposal may or may not proceed. Unitholders and potential investors of New Century REIT are advised to exercise caution when dealing in the Units, and are recommended to seek independent professional advice if they are in doubt about their position and as to the actions that they should take.

THE PROPERTY – HOLIDAY INN EINDHOVEN

The table below sets out certain key information on Holiday Inn Eindhoven:

General description	Holiday Inn Eindhoven is a 4-star hotel situated in Eindhoven, the Netherlands.
Location	Veldmaarschalk Montgomerylaan 1, 5612 BA, Eindhoven, the Netherlands
Total gross floor area	Approximately 11,675 sqm
Number of rooms	207 guest rooms
Number of storeys	11
Number of car park spaces	145
Other facilities	A basement with a mini-gym, management offices and back-of houses areas of 978 sqm, seven meeting rooms of over 504 sqm, a restaurant of 180 sqm (with a maximum seating capacity of 90) and bar of 110 sqm (with a maximum seating capacity of 60), an indoor swimming pool of 72 sqm and a business centre
Year of completion of building construction	1973
Year of last renovation	2009

Average occupancy rate for the Lessee in 2018 and for the six months ended 30 June 2019	79.9%; 79.3%
ADR in 2018 and for the six months ended 30 June 2019	€86.4; €87.7
RevPAR in 2018 and for the six months ended 30 June 2019	€69.0; €69.6
Base purchase price paid for the acquisition in 2016 by the New Century REIT Group	Approximately €25.70 million (equivalent to approximately RMB200.99 million)
Purchase price paid for the acquisition in 2016 by the New Century REIT Group	Approximately €4.44 million (equivalent to approximately RMB34.72 million) (after post-completion adjustments)
Date of completion of the acquisition in 2016	9 August 2016
Appraised Value	The appraised value of Holiday Inn Eindhoven as assessed by the Independent Property Valuer as at 30 June 2019 was €31.75 million (equivalent to approximately RMB248.31 million).
Book value	The unaudited book value of Holiday Inn Eindhoven as at 30 June 2019 was €31.75 million (equivalent to approximately RMB248.31 million).
Total rental income received by the New Century REIT Group	For the period from 9 August 2016 to 31 December 2016: €0.79 million For the year ended 31 December 2017: €1.98 million For the year ended 31 December 2018: €2.01 million For the six months ended 30 June 2019: €1.02 million

Current lease

Hotel lease agreement

Holiday Inn Eindhoven (excluding other areas currently leased to Independent Third Party lessees) is currently leased to Eden Eindhoven Hotel Exploitatie II B.V (the “**Lessee**”) for a term of 25 years commencing from 22 March 2012 and an option to renew for another two five-year terms at the Lessee’s discretion and thereafter, for an indefinite period of time provided that the lease has not been terminated according to its terms. The current lease will continue after Completion, and the Target Company will continue to be the lessor.

The REIT Manager confirms that there are no consequences or breaches that are anticipated to arise or be committed under the hotel lease agreement as a result (whether directly or indirectly) of the Disposal.

Other lease agreements

Certain other areas on the rooftop of the Property are currently leased to three Independent Third Party lessees for a term of (i) 15 years (with a remaining term of approximately 10 years); (ii) 25 years (with a remaining term of approximately four years); and (iii) 15 years (with a remaining term of approximately 10 years), respectively.

The current leases will continue after Completion, and the Target Company will continue to be the lessor.

THE DISPOSAL

The Board wishes to announce that, on 13 September 2019, after trading hours, New Century Europe entered into the Share Purchase Agreement with the Purchasers for the disposal of the entire issued share capital of the Target Company for the Purchase Price to the Purchasers. The Share Purchase Agreement sets out the terms of the Disposal, with the key terms being summarized below:

Key terms of the Share Purchase Agreement

Date: 13 September 2019

Parties: (1) New Century Europe, a private company with limited liability incorporated under Luxembourg law, which is indirectly wholly-owned and controlled by New Century REIT, as seller;

- (2) The Purchasers, each a private company with limited liability incorporated under Dutch law, as purchasers;
- (3) REIT Manager (which is entering into the Share Purchase Agreement in its capacity as manager of New Century REIT (being the guarantor under the Share Purchase Agreement)); and
- (4) the Trustee (which is entering into the Share Purchase Agreement in its capacity as trustee of New Century REIT (being the guarantor under the Share Purchase Agreement)).

Subject matter of the Disposal:

Pursuant to the Share Purchase Agreement, the Parties agreed to transfer the entire issued share capital of the Target Company.

Purchase Price:

The Purchase Price shall be:

- (i) the Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million); plus
- (ii) the Current Assets as at the Completion Date; minus
- (iii) the Liabilities as at the Completion Date.

Taking into account that the Liabilities also include the Loans, the REIT Manager is of the view that the abovementioned Purchase Price adjustments will not have a material financial impact on New Century REIT at the group level.

The Purchase Price has been arrived at on a willing buyer-seller and arm's length basis and with reference to the Appraised Value.

The Purchase Price is payable in the following manner:

- (a) a deposit of €4,000,000 (equivalent to approximately RMB31.28 million) was paid upon signing of the Share Purchase Agreement into the Notary Account;

- (b) a portion of the Initial Purchase Price amounting to €1,500,000 shall be paid in full and in cash at Completion by the Purchaser into the Escrow Account, and will be held in the Escrow Account in accordance with an escrow agreement to be entered into with the escrow agent prior to Completion;
- (c) the balance of the Initial Purchase Price (that is, having been reduced by the deposit) shall be paid in full and in cash at Completion by the Purchasers to New Century Europe into the Notary Account; and
- (d) a further payment, if any, shall be made as and when required pursuant to any post-Completion adjustments.

Initial determination of the Purchase Price:

New Century Europe shall provide the Purchasers with a written notice setting out its good faith best estimate of the Current Assets and Liabilities at Completion and its calculations of each estimate, together with the relevant supporting documents, by no later than 10 Business Days prior to the date on which Completion is envisaged to take place. The Initial Purchase Price payable at Completion will be based on such estimates.

Post-Completion adjustments:

The Purchasers shall within 40 Business Days after the Completion Date provide New Century Europe with a written statement setting out the Current Assets and Liabilities at Completion calculated in conformity with the Accounting Principles (the “**Completion Statement**”) and the underlying calculations.

The Completion Statement shall be binding on the Parties, unless New Century Europe notifies the Purchasers within 20 Business Days after receipt thereof if it disputes the Completion Statement and the basis upon which it disputes such items, including the adjustments it reasonably believes should be made to the Current Assets and/or Liabilities and the basis therefor, providing sufficient detail so as to enable the Purchasers to assess the proposed adjustments (the “**Completion Statement Disagreement Notice**”).

Following receipt of the Completion Statement Disagreement Notice (if any), the Parties shall, in good faith, attempt to reach agreement on all disputed items within 20 Business Days after such notification. If the Parties fail to resolve the items still in dispute within 20 Business Days, the Current Assets and Liabilities at Completion shall be subject to audit by an independent expert (being an accountancy firm), who shall be jointly appointed and instructed by the Parties.

Within five Business Days after the Current Assets and Liabilities at Completion having been finally agreed or determined between New Century Europe and the Purchasers:

- (i) the Purchasers shall ensure that the amount, if any, by which the Purchase Price calculated on the basis of the actual Current Assets and Liabilities at Completion exceeds the Initial Purchase Price calculated on the basis of the pre-Completion estimates of the Current Assets and Liabilities is paid to New Century Europe; and
- (ii) New Century Europe shall ensure that the amount, if any, by which the Initial Purchase Price calculated on the basis of the pre-Completion estimates of the Current Assets and Liabilities at Completion exceeds the Purchase Price calculated on the basis of the actual Current Assets and Liabilities at Completion is paid to the Purchasers;

in either case increased by an amount of interest thereon at the interest rate of 5% per annum, which shall accrue from day to day from the Completion Date up to the date of actual payment.

Conditions precedent:

Completion shall be subject to the following conditions precedent being satisfied (or waived by the Purchasers) by 28 November 2019 or such later date as the Parties may agree in writing (the “**Long Stop Date**”):

- (i) New Century Europe having published the adopted, and insofar as legally required, audited annual accounts of the Target Company for the year of 2018 at the Trade Register. New Century Europe shall inform the Purchasers as soon as reasonably possible of the satisfaction of such condition precedent to the satisfaction of the Purchasers;
- (ii) New Century Europe having provided the Purchasers with written evidence, to the satisfaction of the Purchasers, of:
 - (a) any agreements between New Century REIT Group and Citco Nederland B.V. (being the Target Company’s service provider of corporate administrative services) relating to the Target Company having been terminated as per Completion, without any obligation (such as payment of any termination fees or penalties) having been imposed on the Target Company; and
 - (b) the property management agreement with respect to the Property between the REIT Manager and Savills Asset & Property Management B.V. dated 8 January 2016 having been terminated as per Completion, without any obligation (such as payment of any termination fees or penalties) having been imposed on the Company.

As a result of termination of the agreement with Citco Nederland B.V., New Century REIT Group is required to make a payment in the sum of approximately €3,000 as payment in lieu of notice for early termination. The REIT Manager is of the view that the financial impact arising from such fee is expected to be minimal.

The REIT Manager confirms that there are no consequences or breaches that are anticipated to arise or be committed as a result (whether directly or indirectly) of the termination of the property management agreement.

Preliminary preferential right
under the Municipalities
Preferential Rights Act:

Pursuant to the Municipalities Preferential Rights Act, any transfer of property (or transfer of shares in special purpose vehicles which wholly-own real estate):

- (i) the present use of which deviates from (a) intended purpose of the property, or (b) proposed new use of the property based on the relevant authorities' new zoning plans; and
- (ii) which has been designated by the relevant authorities,

shall be subject to a preliminary preferential right exercisable by the municipality, the province or the State of the Netherlands.

The REIT Manager confirms that the Property is currently in conformity with its intended use based on current zoning plans. Furthermore, the Target Company has not received any notification from the relevant authorities, that (i) the relevant authorities have proposed new zoning plans or intend to change the purpose of the Property; or (ii) the Property has been included in any designation as referred to in the Municipalities Preferential Rights Act. As such, the REIT Manager is of the view that the risk of the Disposal being subject to such preferential right is low.

In the event that the relevant authorities (i) propose new zoning plans or notify the Target Company of their intention to change the purpose of the Property; and (ii) include the Property in a designation as referred to in the Municipalities Preferential Rights Act, both prior to Completion, New Century Europe shall be under an obligation to offer the Property for sale to the municipality, the province or the State of the Netherlands pursuant to the Municipalities Preferential Rights Act. As a result, New Century Europe would not be allowed to transfer the shares of the Target Company to the Purchasers on the Completion Date. In such event, the Share Purchase Agreement would be terminated, and none of the Parties shall be liable to pay any form of cost or compensation to the other Parties, and no Party will be obligated to consummate the Transaction or to continue negotiations. If the two conditions as mentioned in this paragraph above are not triggered prior to Completion, New Century Europe shall not be under an obligation to offer the Property for sale to the relevant authority pursuant to the Municipalities Preferential Rights Act, and the Property shall not be subject to a preliminary preferential right exercisable by the relevant authority. Under such circumstances, the Disposal and Completion shall proceed in accordance with the Share Purchase Agreement.

In the event that the relevant authority is willing to purchase the Property, the relevant authority and the Target Company (being the holder of the Property) will enter into negotiations. Where the relevant authority and the Target Company are unable to agree on the consideration, the consideration for transfer shall be determined by (an) independent expert(s) as appointed by a judge. Nonetheless, New Century REIT Group shall not be bound to sell the Property (or the Target Company) to the relevant authority based on such consideration, but any future proposed transfer of the Property (or the Target Company) shall be subject to such preliminary preferential right exercisable by the relevant authorities as long as the Property is still encumbered with such right.

No warranty as to the fitness of
Holiday Inn Eindhoven:

The Purchasers have agreed to accept the Property on an “as is and where is” basis on the Completion Date, which means, among others, (i) the Purchasers accept the Property in the legal, technical, environmental and commercial condition that it is in with all, legal and physical, known and unknown, visible and invisible defects, encumbrances, limitations and restrictions and with the actual use that exists at Completion; and (ii) New Century Europe shall not be required to provide and shall not be deemed to have provided any representation or warranty in respect of any aspect of the Property, the Business or the shares of the Target Company, other than the warranties as set out in the Share Purchase Agreement.

Expected date of Completion:

Provided that all the conditions precedent are satisfied or waived before the Long Stop Date, on the 10th Business Day after the date on which each of the conditions precedent are satisfied or waived in accordance with the Share Purchase Agreement, or such other date as New Century Europe and the Purchasers may agree in writing but not later than the Long Stop Date. Completion is currently expected to take place on or around 28 November 2019.

Guarantee:

Under the Share Purchase Agreement, the Guarantor has:

- (i) guaranteed, as principal obligor and not ancillary or collateral to any other right or obligation under the Share Purchase Agreement or otherwise – to the Purchasers the full and proper performance of the obligations and liabilities of New Century Europe arising from the Share Purchase Agreement;
- (ii) undertaken with the Purchasers that whenever New Century Europe does not pay any amount when due under the Share Purchase Agreement, the Guarantor shall immediately on first demand pay that amount as if it was the principal obligor; and
- (iii) undertaken with the Purchasers to indemnify the Purchasers immediately on demand against any losses and damages suffered by the Purchasers (i) in consequence of New Century Europe’s failure to perform any of its obligations under the Share Purchase Agreement; or (ii) if any obligation guaranteed by the Guarantor is or becomes unenforceable, invalid or illegal.

The REIT Manager confirms the guarantee is provided to cater for the contingent liabilities of the Target Company at Completion, which may be unknown to the Purchasers, which may or may not crystalize in future. As such, the REIT Manager is of the view that the guarantee provided by New Century REIT is on normal commercial terms and fair and reasonable, and taking into account the other provisions of the Share Purchase Agreement, the Share Purchase Agreement as a whole sufficiently protects the interest of New Century REIT and the Unitholders as a whole.

Other terms:

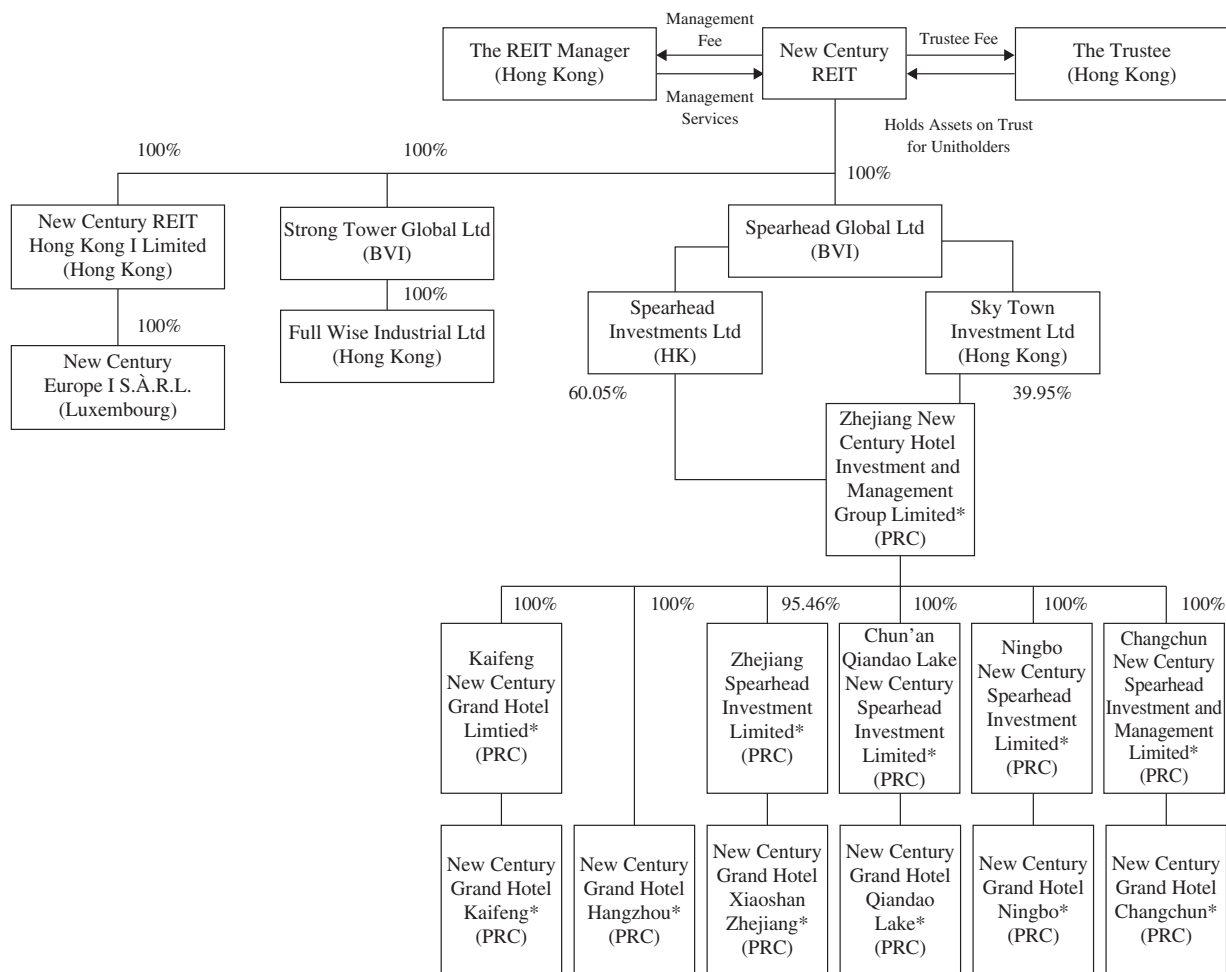
The Share Purchase Agreement contains representations, warranties, undertakings and other provisions in customary terms for transactions of this nature and scale. The REIT Manager is satisfied that such provisions sufficiently protect the interest of New Century REIT and the Unitholders as a whole in respect of potential claims.

The Purchasers may assign its rights and transfer its obligations under the Share Purchase Agreement to any of its affiliates or a purchaser of the Target Company, and New Century Europe irrevocably granted its consent, in advance, to the Purchase for purposes of such assignment (or transfer). Any assignee (or transferee) may itself make an assignment (or transfer) as if it were the Purchaser under the Share Purchase Agreement, whereas the Purchasers shall remain jointly and severally liable for the performance of the Share Purchase Agreement. For the avoidance of doubt, the Purchasers and the assignee (or transferee) shall not assign their rights and transfer their obligations under the Share Purchase Agreement to any connected person of New Century REIT Group.

Any RETT due as a result of or in connection with the disposal of the Target Company and as calculated in accordance with the Legal Transaction (Taxation) Act, shall be borne by the Purchasers, and there shall be no adjustment to the Purchase Price.

There shall be no adjustment to the Purchase Price to reflect (i) any deferred tax liability in relation to the latent capital gain of the Target Company, (ii) any deferred tax asset, (iii) potential turnover tax (VAT) in relation to the Disposal; (iv) RETT in relation to the Disposal, and (v) any need or obligation to make any capital expenditure of any nature to the Property (which will be for the Purchasers' account due to its acceptance of the Property in an "as is and where is" state).

Following the Completion, New Century REIT will cease to hold any interest in New Century Netherlands. Set out below is a simplified chart showing the holding structure of New Century REIT immediately after Completion:



* The English names are shown for identification purpose only.

INFORMATION ON NEW CENTURY REIT, NEW CENTURY EUROPE, NEW CENTURY NETHERLANDS AND THE PURCHASERS

New Century REIT is a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange.

New Century Europe is a private limited liability company, incorporated under the laws of Luxembourg and registered with the Luxembourgian trade register, which is indirectly wholly-owned and controlled by New Century REIT. New Century Europe is not currently engaged in any other business other than the holding of New Century Netherlands.

New Century Netherlands is a private limited liability company, incorporated under Dutch Law, which is indirectly wholly-owned and controlled by New Century REIT. New Century Netherlands is not currently engaged in any other business other than the leasing and holding of Holiday Inn Eindhoven.

Each of the Purchasers is a private limited liability company, incorporated under Dutch Law, and is each (i) a group company within the same corporate group and (ii) an active investor in real estate and global financial markets. Each of the Purchasers and their ultimate beneficial owners are Independent Third Parties of New Century REIT.

FEES AND CHARGES

On Completion, the REIT Manager will be entitled, under the Trust Deed, to receive a divestment fee of €198,750 (equivalent to approximately RMB1.55 million) (“**REIT Manager Fee**”) which is equal to 0.5% of the Base Purchase Price and shall be paid to the REIT Manager in cash.

Also, pursuant to the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee which are of an exceptional nature or otherwise outside the scope of the Trustee’s normal duties in the ordinary course of New Century REIT’s normal day-to-day business operations. The Trustee has agreed with the REIT Manager that it will charge New Century REIT a one-time additional fee based on the time and costs incurred by it for duties undertaken by the Trustee in connection with the Disposal, with such additional fee expected to be HK\$80,000 (“**Trustee’s Additional Fee**”).

FINANCIAL INFORMATION ON THE TARGET COMPANY

Following Completion, New Century REIT will cease to hold any interest (i) in New Century Netherlands and hence (ii) in the Property and Holiday Inn Eindhoven. The net profit of New Century Netherlands for the two years ended 31 December 2017 and 2018, respectively, was as follows:

	For the year ended 31 December 2017 <i>€ (million)</i>	Approximate % of New Century REIT	For the year ended 31 December 2018 <i>€ (million)</i>	Approximate % of New Century REIT
Net profit before tax	0.8	4.0	5.1	39.7
Net profit after tax	0.6	6.4	3.9	143.7
Total assets	28.8	4.1	34.0	4.7

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

As at 30 June 2019, Holiday Inn Eindhoven, based on existing use, had an Appraised Value of €31.75 million (equivalent to approximately RMB248.31) million, as appraised by the Independent Property Valuer. The Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million) represents a premium of 25.2% to the Appraised Value. On a pro forma basis, as if the Disposal was completed on 30 June 2019, the gain on the Disposal, based on the difference between the Purchase Price and net assets of the Target Company and before tax and expense, would be approximately RMB83.31 million, subject to finalisation of the management accounts of the Target Company. In addition, the Base Purchase Price of €39.75 million represents a premium of 54.7% above the base purchase price of €25.70 million paid for the acquisition of Holiday Inn Eindhoven in August 2016. To the best knowledge, information and belief of the Directors, based on current information available on the Target Company, apart from the normal operating results of the Target Company up to the expected Completion Date, there will be no other significant impact on the estimated figure of gain on the Disposal. The Disposal is not expected to have any material adverse impact on the financial position of New Century REIT as compared to that as at 30 June 2019 (as disclosed in the 2019 Interim Report).

The proceeds from the Disposal (which are expected to be approximately €37.8 million (equivalent to approximately RMB295.9 million) after deducting Expenses) are expected to be used for general working capital of New Century REIT and/or funding for future investment opportunities generally.

The Base Purchase Price is higher than the Appraised Value of Holiday Inn Eindhoven. On a pro forma basis, as if the Disposal was completed on 30 June 2019, the gearing ratio of New Century REIT would be 37.4% as at 30 June 2019.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The REIT Manager had received various interested parties' offers to acquire Holiday Inn Eindhoven from time to time. After careful considerations, although the REIT Manager was of the view that the acquisition of Holiday Inn Eindhoven in 2016 was in the best interests of New Century REIT and its Unitholders as a whole, due to changing market conditions, the REIT Manager believes that the Disposal is in the best interests of New Century REIT and its Unitholders as a whole as the Disposal, and its key benefits are as follows:

The Disposal is consistent with New Century REIT's investment objectives and strategies

The Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million) represents a premium of (i) 25.2% to the Appraised Value of €31.75 million (equivalent to approximately RMB248.31 million) and (ii) 54.7% above the €25.70 million (equivalent to approximately RMB200.99 million) paid by the New Century REIT Group for the acquisition of Holiday Inn Eindhoven in 2016. The Disposal is in line with the REIT Manager's strategy to improve operational performance and efficiency of New Century REIT's portfolio, by recycling its capital for higher yielding assets, and its investment mandate to enhance returns to Unitholders and improve potential opportunities for future income and capital growth. The Board considered it is a good opportunity to realise part of New Century REIT's investment portfolio and improve its working capital for other potential future investments with higher growth potential, as and when such opportunity arises.

Lowering of New Century REIT's gearing ratio and improvement in cash flow

Furthermore, as at 31 December 2018 and 30 June 2019, the gearing ratio of New Century REIT was 39.4% and 37.7% respectively. On a pro forma basis, as if the Disposal was completed on 30 June 2019, the gearing ratio of New Century REIT would be 37.4% as at 30 June 2019. The Disposal will also generate proceeds expected to be in the amount of approximately €37.8 million (equivalent to approximately RMB295.9 million), which will improve the cash flow of New Century REIT, and the REIT Manager intends to use such proceeds towards general working capital of New Century REIT and/or funding for future investment opportunities generally.

Performance of Holiday Inn Eindhoven

In view of strong and increasing competition from other hotels in Eindhoven, the Netherlands, including among others, Park Plaza Eindhoven, Pullman Eindhoven Cocagne and NH Collection Eindhoven Centre and the relative old age of Holiday Inn Eindhoven, the Board considered that further performance and capital valuation upside may be limited, and as such the Disposal will generate proceeds to enable the REIT Manager to explore opportunities with respect to other potential future investments with higher growth potential.

OPINION OF THE BOARD

The Board (including all independent non-executive Directors) is satisfied that the Disposal, the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement, the transactions contemplated thereunder and any other transactions contemplated in connection with the Disposal are at arm's length, on normal commercial terms, fair and reasonable and in the best interests of New Century REIT and its Unitholders as a whole. In addition, the Board (including all independent non-executive Directors) is satisfied that the Disposal, the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement and the transactions contemplated thereunder and other transactions contemplated in connection with the Disposal are in compliance with the REIT Code and the Trust Deed.

OPINION OF THE TRUSTEE

Based on the opinion of the Board and the information and confirmations given by the REIT Manager to the Trustee (and having taken into account its duties under the Trust Deed and the REIT Code), the Trustee has no objection to the Disposal and the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement and the transactions contemplated thereunder. Further, the Trustee is satisfied that the Disposal, the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement and the transactions contemplated thereunder are in compliance with the REIT Code and the Trust Deed.

In addition, based on the opinion of the Board and the information and confirmations given by the REIT Manager to the Trustee (and having taken into account its duties under the Trust Deed and the REIT Code), the Trustee has also confirmed that it is of the view that (i) as at the date of this announcement, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal; and (ii) acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT).

REGULATORY IMPLICATIONS

This announcement is made by New Century REIT pursuant to paragraphs 10.3 and 10.4 of the REIT Code.

The Base Purchase Price, together with the Expenses, represents approximately: (a) 22.71% of the total market capitalisation of New Century REIT, based on the average closing price of New Century REIT on the Stock Exchange for the five business days immediately preceding the date of this announcement; and (b) approximately 6.03% of the total assets (less distribution payable) of New Century REIT as at 30 June 2019. The net profit attributable to the Target Company (after deducting all charges except taxation and before minority interests and extraordinary items) represents approximately 39.71% of the total net profit of New Century REIT (after deducting all charges except taxation and before minority interests and extraordinary items) for the year ended 31 December 2018 (as disclosed in the 2018 Annual Report). Accordingly, the Disposal constitutes a major transaction by New Century REIT pursuant to the Listing Rules (as if they were applicable to New Century REIT).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchasers and their ultimate beneficial owners is an Independent Third Party. Accordingly, the Disposal, the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement and the transactions contemplated thereunder do not constitute connected party transactions of New Century REIT under the REIT Code.

In addition, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal. Accordingly, New Century REIT has obtained a written approval from its controlling shareholder, Huge Harvest, which directly holds 550,251,164 Units as at the date of this announcement (representing approximately 56.91% of the voting rights of New Century REIT), to approve the Disposal. The legal advisers to the REIT Manager as to Hong Kong laws, Dechert, has advised the REIT Manager that acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT). Pursuant to Rule 14.44 of the Listing Rules (as if they were applicable to New Century REIT), such written approval can be accepted in lieu of a general meeting for the approval of the Disposal. Accordingly, the acceptance of the Written Approval in lieu of general meeting to approve the Disposal would not and should not have any impact on the REIT Manager's ability to uphold good corporate governance principles and best industry standards.

Given that in the event that a general meeting is convened to approve the Disposal, to the best of the REIT Manager's knowledge, information and belief, after having made reasonable enquiries, no Unitholders have a material interest in the Disposal and are required to abstain from voting at such general meeting. Therefore, Huge Harvest will be able to vote and pass any ordinary resolution(s) put forward at a general meeting convened to approve the Disposal. Accordingly, the REIT Manager is of the view that acceptance of the Written Approval would not prejudice any Unitholder, as no Unitholder's rights would be adversely affected as a result of acceptance of the Written Approval. Although Unitholders will not be able to put forward any enquiries in the forum of a general meeting as a result of the Written Approval, Unitholders will be kept fully apprised of details regarding the proposed Disposal by way of announcements and circular, and Unitholders can also direct any enquiries to the Board by contacting the REIT Manager. Furthermore, the acceptance of the Written Approval will save time and costs for New Century REIT.

Based on the advice of Dechert and the factors set out above, the Board is satisfied that (i) acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT), and (ii) also considers that the Written Approval in lieu of general meeting to approve the Disposal is in the best interests of New Century REIT and its Unitholders as a whole.

A circular containing, among other things, further information in relation to the Disposal will be despatched to the Unitholders on or around 4 October 2019.

FURTHER ANNOUNCEMENT

The REIT Manager will make a further announcement in respect of the Disposal on the Completion Date (or, where applicable, if the Share Purchase Agreement is terminated) and also when the Purchase Price has been determined.

UNITHOLDERS' COMMUNICATION POLICY

The REIT Manager has a Unitholders' communication policy in place to ensure that Unitholders are provided with timely and equal access to balanced and understandable information on New Century REIT. Unitholders can direct any enquiries to the Board by contacting the REIT Manager. The contact details of the REIT Manager are as follows:

New Century Asset Management Limited

Address: Unit 4706, 47th Floor, The Center, 99 Queen's Road Central, Hong Kong

Phone: (852) 2153-3588

Fax: (852) 3488-6403

Email: ir@ncreit.com

Office hours: Monday to Friday 9:00 a.m. to 5:00 p.m.

Warning: Completion is subject to the fulfillment or (where applicable) waiver of the conditions precedent. As such, the Disposal may or may not proceed. Unitholders and potential investors of New Century REIT are advised to exercise caution when dealing in the Units, and are recommended to seek independent professional advice if they are in doubt about their position and as to the actions that they should take.

DEFINITIONS

“€”	means Euro, the lawful currency of the Euro Zone
“2018 Annual Report”	means the annual report of New Century REIT for the year ended 31 December 2018
“2019 Interim Report”	means the interim report of New Century REIT for the six months ended 30 June 2019
“ADR”	means average daily rate, which means room revenue (including related service charges and daily breakfast) divided by rooms in use
“Appraised Value”	means €31.75 million (equivalent to approximately RMB248.31) million, being the value of Holiday Inn Eindhoven as at 30 June 2019 as appraised by the Independent Property Valuer on 29 July 2019
“Base Purchase Price”	means €39.75 million (equivalent to approximately RMB310.87 million)
“Board”	means the board of Directors of the REIT Manager
“Business”	means the ownership and letting of Holiday Inn Eindhoven
“Business Day”	means a day (other than a Saturday or a Sunday or a public holiday) on which banks are open for business in the Netherlands
“Completion”	means completion of the Disposal pursuant to the terms and conditions of the Share Purchase Agreement
“Completion Date”	means the 10th Business Day after the date on which each of the conditions precedent are satisfied or waived in accordance with the Share Purchase Agreement, or such other date as New Century Europe and the Purchasers may agree in writing but not later than the Long Stop Date. Completion is currently expected to take place on or around 28 November 2019
“Connected Person”	has the meaning ascribed to it under the REIT Code
“Current Assets”	means the aggregate amount, as shown in the Completion Statement, of all assets of the Target Company as at the Completion Date except any deferred tax assets and Holiday Inn Eindhoven

“Directors”	means the directors of the REIT Manager, and each a “Director”
“Disposal”	means the disposal of the entire issued share capital of New Century Netherlands by New Century Europe pursuant to the terms and conditions set out in the Share Purchase Agreement
“Escrow Account”	means the Notary Account
“Expenses”	means expenses of approximately RMB14.86 million payable by New Century Europe or the REIT Manager in connection with the Disposal, mainly comprising the REIT Manager Fee, Trustee’s Additional Fee and professional expenses
“Guarantor”	New Century REIT
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong
“Holiday Inn Eindhoven”	means “Holiday Inn Eindhoven” hotel which is operated at the Property
“Hong Kong”	means the Hong Kong Special Administrative region of the PRC
“Huge Harvest”	means Huge Harvest International Limited (浩豐國際有限公司), a company incorporated in the BVI on 11 January 2008, with 83.90%, 9.29% and 6.81% of its issued shares beneficially owned by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming, respectively
“Independent Property Valuer”	means Cushman & Wakefield v.o.f., an affiliate of the Principal Valuer
“Independent Third Party”	means an independent third party who is not a connected person (within the meaning of Chapter 8 of the REIT Code) of New Century REIT, independent of New Century REIT and its connected persons
“Land Registry”	mean the public registers held by the Dutch Land Registry Office
“Liabilities”	means the aggregate amount, as shown in the Completion Statement, of all current and long-term liabilities of the Target Company as at the Completion Date, including, for the avoidance of doubt, the Loan Repayment Amounts

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Loans”	means (i) the loans to the Target Company from Spearhead Global Limited as lender under loan agreements dated 30 April 2019 and 22 May 2019 and (ii) the current account payable of the Target Company to New Century REIT Hong Kong I as affiliate of the Target Company
“Loan Repayment Amounts”	means all outstanding amounts (whether or not due and payable) under the Loans as at the Completion Date, including any interest accrued thereon and any fees, costs and expenses and penalties in relation to the (early) repayment thereof
“New Century Europe”	means New Century Europe I S.à.r.l., a private limited liability company, incorporated under the laws of Luxembourg, and registered with the Luxembourgian trade register, which is indirectly wholly-owned and controlled by New Century REIT
“New Century Netherlands” or “Target Company”	means New Century Netherlands I B.V., a private limited liability company, incorporated under the laws of the Netherlands, being the sole owner of Holiday Inn Eindhoven
“New Century REIT”	means New Century Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange
“New Century REIT Group”	means New Century REIT and its subsidiaries
“New Century REIT Hong Kong I”	New Century REIT Hong Kong I Limited, a company incorporated in Hong Kong on 3 August 2016, a wholly-owned subsidiary of New Century REIT
“Notary Account”	means the third party account in the name of the escrow agent
“Party(ies)”	means the Purchasers and New Century Europe (as seller)
“PRC” or “China”	means the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Principal Valuer”	has the meaning ascribed to it under the REIT Code

“Property”	means the plot of land, with the buildings and further appurtenances erected thereon and the thereto related rights by means of horizontal accession, located at Woensel, the Netherlands, locally known as Veldmaarschalk Montgomerylaan 1, 5612 BA Eindhoven, the Netherlands, registered with the Land Registry as municipality of Woensel, section K, numbers 1278 measuring 74 ares and 90 centiares and number 1280 measuring 62 centiares
“Purchase Price”	has the definition ascribed to it under the section headed “The Disposal – Key terms of the Share Purchase Agreement – Purchase Price” in this announcement
“Purchasers”	means, jointly and collectively, Somerset Real Estate VI B.V. Horizons III B.V., Zoutelust B.V. and Caerdydd Beheer B.V., each a private company with limited liability incorporated under Dutch law, each being an Independent Third Party of New Century REIT
“REIT Code”	means the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being or, for the purpose of the Trust Deed, from time to time, including but not limited to by published practice statements or in any particular case, by specific written guidance issued or exemptions or waivers granted by the SFC
“REIT Manager”	means New Century Asset Management Limited (開元資產管理有限公司), manager of New Century REIT
“RETT”	means real estate transfer tax pursuant to the Legal Transaction (Taxation) Act
“RevPAR”	means revenue per available room, which is calculated by dividing the total room revenue of hotel (s) (including related service charges and daily breakfast) by the total number of room nights in a given period
“SFC”	means the Securities and Futures Commission of Hong Kong
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified and the rules thereunder
“Share Purchase Agreement”	means the share purchase agreement entered into between the Purchasers and New Century Europe dated 13 September 2019 in respect of the Disposal

“sqm”	means square metre
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Tax(es)”	means all forms of taxes, levies, duties, imposts, social security charges, health security contributions, any other contributions or charges and withholdings of any nature whatsoever, whether direct or indirect, including without limitation corporate and other income taxes, wage withholding tax, social security contributions, VAT and RETT (in each case including any related fine, penalty, surcharge or interest), whether direct or indirect, and regardless of whether these items are chargeable directly or primarily against or attributable directly or primarily to any other person and of whether any amount in respect of any of them is recoverable from any other person
“Trade Register”	means the trade register of the Dutch chamber of commerce
“Trust Deed”	means the trust deed constituting New Century REIT dated 10 June 2013, entered into between the Trustee and the REIT Manager, as amended by the supplemental trust deed dated 20 June 2013 and the second supplemental trust deed dated 15 June 2015 (as may be further amended and supplemented from time to time)
“Trustee”	means DB Trustees (Hong Kong) Limited, in its capacity as trustee of New Century REIT
“Unit”	means a unit of New Century REIT
“Unitholders”	means any person registered as holding a Unit (other than HKSCC Nominees Limited) and any person holding Units through the Central Clearing and Settlement System
“VAT”	means (i) within the European Union, such Tax as may be levied in accordance with (but subject to derogations from) the Directive 2006/112/EC and (ii) outside the European Union, any Tax levied by reference to added value, sales or consumption

“Written Approval”

means the written approval from the controlling shareholder of New Century REIT, Huge Harvest, which directly holds 550,251,164 Units as at the date of this announcement (representing approximately 56.91% of the voting rights of New Century REIT), to approve the Disposal

By order of the Board
New Century Asset Management Limited
as manager of New Century Real Estate Investment Trust
Mr. Jin Wenjie
Chairman of the REIT Manager

Hong Kong, 13 September 2019

As at the date of this announcement, the executive Director of the REIT Manager is Mr. Cheung Yat Ming, the non-executive Directors of the REIT Manager are Mr. Jin Wenjie, Mr. Zhang Guanming, Mr. Tong JinQuan and the independent non-executive Directors of the REIT Manager are Mr. Angelini Giovanni, Mr. Yu Hon To David and Professor He Jianmin.

For the purpose of this announcement and for illustration purposes only, amounts denominated in € have been converted into RMB using the exchange rate of RMB7.8207 = €1.00, and amounts denominated in RMB have been converted into HK\$ using the exchange rate of RMB0.9036 = HK\$1.00. No representation is made that any amount in € or RMB or HK\$ could have been or could be converted at such rate or at any other rates at all.