



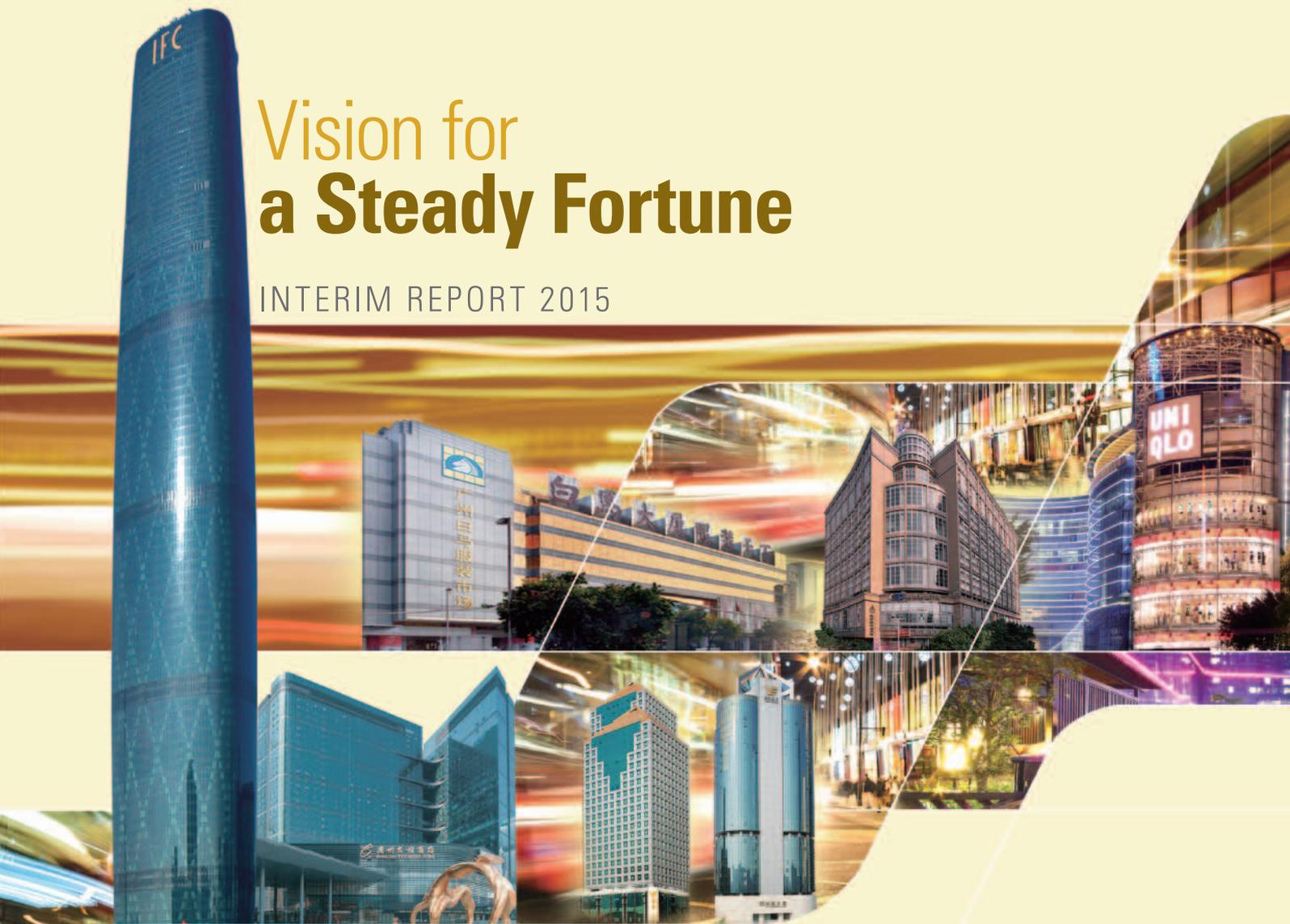
越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

A Hong Kong collective investment scheme under section 104 of the Securities and Future Ordinance <chapter 571 of the Laws of Hong Kong>
(Stock Code: 00405)

Vision for a Steady Fortune

INTERIM REPORT 2015



Manager

 越秀房託資產管理有限公司
YUEXIU REIT ASSET MANAGEMENT LIMITED

 越秀集團
YUEXIU GROUP

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Beyond Excellence



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Performance Summary

The following is a summary of Yuexiu REIT's financial results during the 2015 Interim Period and the 2014 Interim Period:

(in Renminbi ("RMB"), unless otherwise specified)

	Six months ended 30 June		Change Increase %
	2015	2014	
Gross Income	790,391,000	745,044,000	6.1%
Net property income	495,220,000	463,505,000	6.8%
Profit after tax	545,028,000	254,882,000	113.8%
Interim distribution	341,749,000	324,143,000	5.4%
Earnings per unit	0.1936	0.0913	112.0%
Distribution per unit	0.1213	0.1157	4.8%
Equivalent to HK\$	0.1537	0.1456	5.6%

	30 June		Change Increase %
	2015	31 December 2014	
Portfolio valuation	24,063,500,000	23,569,000,000	2.10%
Net assets attributable to Unitholders	13,447,127,000	13,141,954,000	2.32%
Net assets (including net assets attributable to deferred Unitholders) attributable to existing Unitholders per unit	4.78	4.69	1.92%

Report of the Chief Executive Officer



Dear Unitholders of Yuexiu REIT,

On behalf of the management team of Yuexiu REIT Asset Management Limited ("Manager"), Manager of Yuexiu Real Estate Investment Trust ("Yuexiu REIT"), I am very pleased to present to you the interim report of Yuexiu REIT for the first half of 2015.



LIN DeLiang
Chief Executive Officer

Report of the Chief Executive Officer

RESULTS AND DISTRIBUTION

Although the overall economy of the People's Republic of China ("PRC") was still experiencing a slowdown, Yuexiu REIT managed to achieve better results during the first half of 2015. With the premium properties in the portfolio and collaborative effort of the entire management team of Yuexiu REIT, all key operating indicators reached the attainment targets, sustaining a stable and continuous growth trend.

For the period from 1 January 2015 to 30 June 2015 ("2015 Interim Period"), Yuexiu REIT declared an interim distribution of approximately RMB341,749,000 (approximately HK\$432,708,000) in total amount, as compared to the interim distribution of RMB324,143,000 (approximately HK\$407,723,000) in total amount for the same period last year. Each Unit is entitled to a distribution amount of approximately RMB0.1213 (approximately HK\$0.1537), as compared to a distribution amount of RMB0.1157 (approximately HK\$0.1456) for the same period last year. Based on the closing price of HK\$4.27 per unit as at 30 June 2015, the distribution yield is approximately 3.60%. This represents an annualized distribution yield of 7.20%.

As at 30 June 2015, Yuexiu REIT owned six properties ("Properties"), namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units ("Fortune Plaza"), City Development Plaza Units ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Yue Xiu Neo Metropolis Plaza Units ("Neo Metropolis") and Guangzhou International Finance Center ("GZIFC"), with a total rentable area of 441,297.79 sq.m., of which a total area of 427,176.37 sq.m. is currently leased out. The overall occupancy rate of the Properties is 96.8%, representing an increase of 3.32 percentage points as compared to the corresponding period last year. Among them, the occupancy rate of offices at GZIFC was 93.68%, representing an increase of 4.93 percentage points as compared to the corresponding period last year.

For the 2015 Interim Period, Yuexiu REIT recorded a total revenue of approximately RMB790,391,000, representing an increase of 6.1% as compared to the same period last year. All of the Properties were under stable operation with persistent and steady growth.

MARKET REVIEW

In the first half of 2015, the macroeconomic growth rate of the PRC economy continued to slow down, the overall operation of the economy was stable with a declining tendency, but the rate of slowdown gradually slackened. According to the statistics released by the National Bureau of Statistics, the gross domestic product ("GDP") of the PRC increased by 7% in the first half of 2015, the year-on-year growth rates for the second quarter and the first quarter were also at 7%. All economic indicators were within a reasonable range for an economic structure adjustment period, and the macro-economy was already stabilized with a pickup trend.

Under the stabilized and slowly picking up economic growth in the PRC, the overall operation of economic development in Guangzhou was sound and well. The GDP of Guangzhou in the first quarter was approximately RMB376.8 billion, representing an increase of 7.5% year on year and 0.5 percentage point above the national GDP level. Fixed asset investments completed in Guangzhou from January to May were approximately RMB150.8 billion, a 12.3% year-on-year increase, while the growth rate of investments was 0.8 percentage points higher as compared to the same period last year, maintaining a steady momentum in the economic development.

Report of the Chief Executive Officer

In the first half of the year, the overall inventory of the Guangzhou Grade A office market was maintained at 3.9 million sq.m. The overall rental trend was relatively stable and the market vacancy rate continued to decline to 7.8%. In particular, industries which are active in leasing transactions mainly came from the financial sector, professional services sector, e-commerce and financial sector-related Internet industries. In the first half of the year, the inventory of quality shopping centre in Guangzhou amounted to 2.17 million sq.m. The rental level of the retail commercial property market increased slightly. The overall vacancy rate was at a relatively low level of only 2.3%. Leasing transactions in the retail property market was relatively active. The expansion of domestic casual dining brands and international fast fashion brands was relatively significant. No new supply was introduced to the high-end hotel market in Guangzhou in the first half of the year. The overall market is in a stage of reducing inventory. The average market occupancy rate was 67.3%, representing an increase of 5.3 percentage points year on year. The average room rate increased by 5.3% year on year to RMB1370/room. With regard to high-end serviced apartments, the overall performance was stable and making progress. The vacancy rate declined. The average occupancy rate was 85.1%, representing an increase of 4.7 percentage points year on year. The average rental increased by 2.6%.

BUSINESS OPERATING STRATEGIES

For the office portion of Fortune Plaza, City Development Plaza, Yue Xiu Neo Metropolis Plaza and Guangzhou International Finance Center under Yuexiu REIT, the Manager effectively retained various quality tenants for renewal and attracted several renowned premium enterprises as tenants by formulating aggressive leasing strategies. The overall operating conditions were stable. The occupancy rate was maintained at a high level. The operating income continued to sustain growth and the rental level continued to rise. In particular, Guangzhou International Finance Center made new breakthroughs in its office occupancy rate and rental price while recording a good performance in operating results. The average occupancy rate of the project increased from 88.75% recorded in mid-2014 to 93.68%, representing an increase of almost five percentage points year on year. Meanwhile, the average unit rental price also increased by 5% year on year from RMB220/sq.m. per month to RMB231/sq.m. per month.

With respect to the retail shopping mall, Victory Plaza continued to intensify business positioning adjustment, continuously enhanced marketing and promotional effort and actively shaped the new "VT101" mall brand image. For the podium mall of GZIFC, the Manager paid close attention to the development of the business district of the Zhujiang New Town and the trends of the department store and retail industries. By learning from the successful experience of Victory Plaza in business positioning adjustment, the Manager proactively planned and implemented the optimum mall adjustment initiative in an effort to enhance the commercial value of the mall and the overall property value of the project.

The Manager continued to implement the measures for optimizing and upgrading White Horse Building, continued to carry out diversified marketing channel and made use of new marketing means such as Wechat and the Internet to create the O2O service platform. As a result, White Horse Building continued to maintain its leading position in the garment wholesale industry and achieved a satisfactory increase in its rental level with all rentable space successfully rented out.

Through using flexible pricing strategies, Four Seasons Hotel and Ascott Serviced Apartments actively implemented multi-channel marketing strategies and improved customer service experience to effectively increase the occupancy rate and the average room rate, achieving satisfactory results in its performance.

Report of the Chief Executive Officer

INVESTMENT AND FINANCIAL STRATEGIES

During the Interim Period of 2015, the Manager continued to implement proactive and prudent investment and financial strategies, and fully evaluated the market conditions and the situation of the capital market. On one hand, the quantity of investment projects reserve was increased. On the other hand, the focus was put on core business areas in tier one cities such as Shanghai and investment opportunities with a growth potential were secured.

Yuxiu REIT implemented stable and risk-averting financial policies. As at 30 June 2015, the gearing ratio (total borrowings to total assets) was 31.0%, which was well under the upper limit of 45% as stipulated in the REIT Code.

The Manager constantly sought to optimize the debt structure of the REIT. In the first half of 2015, Moody's and Standard & Poor's continued to maintain an investment-grade rating of Baa2 and BBB for the REIT, with a stable future outlook. The REIT also repaid domestic bank loans amounting to RMB615 million in the first half of the year and obtained syndicated loans amounting to HK\$400 million to optimize its debt structure and reduce the overall finance expense.

ASSET ENHANCEMENT STRATEGIES

The Manager continued to implement the strategic asset enhancement plan and reviewed the property portfolio of the REIT on a regular basis to explore opportunities for asset enhancement, thereby maintaining competitive advantages and increasing returns. In the first half of 2015, the Manager had carried out the planned capital nature renovation projects at Guangzhou International Finance Center and White Horse Building and was also committed to optimizing the tenant mix, maintaining good customer relationship and increasing business solicitation etc. to achieve a continuous enhancement in the rental value and rental level of the Properties.

PROSPECTS

Looking forward to the second half of 2015, the economic development of the PRC will tend to be stable amidst a slowdown and improve while maintaining stability with a prospect to enter a recovery stage. It is expected that in the second half of the year, the government will continue to introduce control measures to stabilize the growth and adjust the structure, actively implement prudent monetary policies, deepen the reform in financial institutions and facilitate the overall economy of the PRC to shift to the optimization of the economic structure and the enhancement of effectiveness in quality. With the economy of the PRC gradually stabilizing, the vigorous development of the tertiary industry will also be a strong support for the Guangzhou office leasing market. In the second half of the year, there will still be new supply of Guangzhou Grade A offices introduced to the market. As the new projects have already commenced pre-leasing, it is anticipated that future rental trend will still maintain its steady pace. In the second half of the year, retail shopping malls in Guangzhou will be at the peak period of facing the introduction of new projects to the market, competition in the leasing market will increase. However, the commerce in core business districts is still a hot spot of demand. The average room rate and the occupancy rate of high-end hotels will still be affected by the impacts of a slowdown in economic development and a declining consumption demand in the PRC, however, stability is maintained with anticipated improvement. For high-end serviced apartments, the market rental demand and the average room rate will continue to maintain a momentum of steady development.

Report of the Chief Executive Officer

However, we are cautiously optimistic in our belief that we are benefiting from the steady growth of the PRC economy, on the basis of our premium portfolio of Properties coupled with the professional management team of Yuexiu REIT, we will actively get hold of potential investment opportunities through implementing proactive and prudent leasing strategies, which are complemented with effective property appreciation measures, aiming at continuously generating stable returns for the Unitholders.

APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the Board of Directors, senior management and the entire staff for their hard work in the development of Yuexiu REIT, and our heartfelt thanks to the Unitholders, tenants and business partners for their strong support for Yuexiu REIT.

LIN Deliang

Chief Executive Officer

Hong Kong, 28 July 2015

Yuexiu REIT Profile

PROFILE OF YUEXIU REAL ESTATE INVESTMENT TRUST (“YUEXIU REIT”)

Yuexiu REIT is a Hong Kong real estate investment trust was constituted by a trust deed entered into on 7 December 2005 (“Trust Deed”) between HSBC Institutional Trust Services (Asia) Limited as the trustee (“Trustee”) and Yuexiu REIT Asset Management Limited as the manager of Yuexiu REIT (“Manager”) as modified by a First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010 and Third Supplemental Trust Deed dated 25 July 2012 and made between the same parties. Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 21 December 2005 (“Listing Date”).

Yuexiu REIT’s property portfolio (“Properties”) consists of six commercial properties located in Guangzhou and Yuexiu REIT is the first listed real estate investment trust in the world which invests in real property in mainland of the People’s Republic of China (“PRC”).

Distribution

In accordance with the Trust Deed, Yuexiu REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. According to the Offering Circular (“OC”) issued to Unitholders dated 30 June 2012, the Manager has intended that Yuexiu REIT will distribute to the Unitholders an amount equal to 100% of Yuexiu REIT’s Total Distributable Income and Additional Item for the financial year ended from 2012 to 2016.

The Manager has resolved to declare an interim distribution to Unitholders for the 2015 Interim Period of approximately RMB0.1213 which is equivalent to HK\$0.1537 (June 2014: approximately RMB0.1157 which is equivalent to HK\$0.1456) per unit. Such interim distribution per unit, however, is subject to adjustment upon the issuance of new units between 1 July 2015 and the record date for the interim distribution. Further announcement will be made to inform Unitholders of the interim Distribution per Unit for the six months ended 30 June 2015.

The 2015 interim distribution amounted to approximately RMB341,749,000 which is equivalent to HK\$432,708,000 (June 2014: approximately RMB324,143,000 which is equivalent to HK\$407,723,000).

The Manager confirms that the distribution amount is composed of profit after tax before transactions with the Unitholders and additional items. The additional items of RMB341,216,000 includes certain profit elements in the capital nature of Yuexiu REIT. The total amount of capital nature items is RMB85,664,000.

The Manager has calculated the Total Distributable Income based on Yuexiu REIT’s consolidated profit after tax before transactions with the Unitholders adjusted to eliminate the effects of certain non-cash items which have been recorded in the consolidated statement of comprehensive income for the relevant year or period. At the same time, the additional distribution is adjusted in accordance with what is suggested in the distribution policy of offering circular dated 30 June 2012.

Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the Manager is the average closing exchange rate, as announced by the People’s Bank of China, for the five business days preceding the date of declaration of distribution.

DISTRIBUTION PER UNIT

Distribution to Unitholders for the 2015 Interim Period is HK\$0.1537 (2014: HK\$0.1456) per unit, represents a yield of approximately 3.60% (2014: 3.90%) based on the closing price of HK\$4.27 per unit as at 30 June 2015 (30 June 2014: HK\$3.75). This represents an annualized distribution yield of 7.20%.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 17 September 2015. The register of Unitholders will be closed from 17 September 2015 to 18 September 2015, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT’s unit registrar, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on 16 September 2015. The 2015 interim distribution will be paid on 28 October 2015 to the Unitholders whose names appear on the register of Unitholders on 17 September 2015.

Management Discussion and Analysis

BUSINESS REVIEW

Steady growth in operating results

In the first half of 2015, the macro-economy of China continued undergoing a slow growth. In order to maintain the interest of the Unitholders, Yuexiu REIT continued to implement active and stable asset management strategies, with favorable results attained by all of its properties consistently, thereby further fostering the capability to preserve and enhance the value of properties, and establishing a solid foundation for future income growth and long-term development of Yuexiu REIT.

Property Portfolio

As at 30 June 2015, the property portfolio of Yuexiu REIT consisted of six properties, namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units ("Fortune Plaza"), City Development Plaza Units ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Yue Xiu Neo Metropolis Plaza Units ("Neo Metropolis") and Guangzhou International Finance Center ("GZIFC"). The aggregate area of ownership was approximately 680,971.1 sq.m., total rentable area was 441,298.0 sq.m. (excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area of Neo Metropolis; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and other ancillary facilities area of GZIFC, the following statistics of both aggregate rented area and occupancy rate have excluded the above area).

Property Valuation

According to a revaluation performed by an independent professional valuer, Vigers Appraisal and Consulting Limited, on the portfolio of Properties of Yuexiu REIT, the revalued market valuation as at 30 June 2015 was approximately RMB24,064 million, representing an increase of RMB495 million or 2.1% over the valuation as at 31 December 2014.

The following table summarizes the valuation of each of the properties as at 30 June 2015 and 31 December 2014:

Name of property	Valuation as at	Valuation as at	Increase %
	30 June 2015 RMB million	31 December 2014 RMB million	
White Horse Building	4,600	4,300	7.0%
Fortune Plaza	868	853	1.8%
City Development Plaza	731	710	3.0%
Victory Plaza	820	815	0.6%
Neo Metropolis	834	825	1.1%
GZIFC	16,211	16,066	0.9%
Total	24,064	23,569	2.1%

Management Discussion and Analysis

Particulars of each of the properties are set out in the table below:

Name of property	Type	Location	Year of Completion	Area of Ownership	Total Rental Area	Property	Unit Rent ⁽¹⁾ (RMB/sq.m./month)
						Occupancy Rate ⁽¹⁾	
				(sq.m.)	(sq.m.)		
White Horse Building	Wholesale shopping mall	Yuexiu District	1990	50,199.3	50,128.9	100.00%	636.34
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	99.64%	145.26
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	96.90%	126.66
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	99.82%	177.80
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3 ⁽²⁾	98.89% ⁽²⁾	106.21
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.9 ⁽³⁾	94.76% ⁽³⁾	201.06
Including:	Grade A office			267,804.4	183,539.6 ⁽³⁾	93.68% ⁽³⁾	231.31
	Retail shopping mall			46,989.2	46,727.3	99.01%	88.61
	Hotel			91,460.9 ⁽⁴⁾	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A
Total				680,971.1	441,298.0	96.80%	227.17

Note:

⁽¹⁾ As at 30 June 2015;

⁽²⁾ Excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area;

⁽³⁾ Excluding 76,512.3 sq.m. of parking space area;

⁽⁴⁾ Including 2,262.0 sq.m. of hotel ancillary facilities and refuge floor area.

Occupancy rate stayed at a high level

As at 30 June 2015, the overall occupancy rate of the properties was approximately 96.80%. The occupancy rate of the original five properties was 99.02%, representing an increase of 2.52 percentage points as compared to 96.5% recorded in the corresponding period of the previous year, and continued to operate at a high level. Consolidated occupancy rate of GZIFC was 94.76%, of which occupancy rate of offices was 93.68%, and occupancy rate of retail shopping mall was 99.01%.

Management Discussion and Analysis

The following table sets out a comparison of occupancy rates in respect of all the properties between this Interim Period and the corresponding period of the previous year:

Name of property	Occupancy rate as at 30 June 2015	Occupancy rate as at 30 June 2014	Percentage increase as compared to 30 June 2014
White Horse Building	100.00%	99.94%	0.06%
Fortune Plaza	99.64%	98.48%	1.16%
City Development Plaza	96.90%	96.65%	0.25%
Victory Plaza	99.82%	86.43%	13.39%
Neo Metropolis	98.89%	96.80%	2.09%
Sub-total of original projects	99.02%	96.50%	2.52%
GZIFC offices	93.68%	88.75%	4.93%
GZIFC shopping mall	99.01%	98.37%	0.64%
Sub-total of GZIFC	94.76%	90.71%	4.05%
Total	96.80%	93.48%	3.32%

Operational Property	Type	Commencement of operation	Area of Ownership (sq.m.)	Number of Units (units)	Average Occupancy Rate⁽¹⁾	Average Rent⁽¹⁾ (RMB/room/night)
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	68.6%	1,950

Note:

⁽¹⁾ From 1 January 2015 to 30 June 2015.

⁽²⁾ The hotel is an entrusted operation.

Management Discussion and Analysis

Operational Property	Type	Commencement of operation	Area of Ownership (sq.m.)	Number of units (units)	Occupancy rate ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m./month)
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	92.4%	190

Notes:

⁽¹⁾ From 1 January 2015 to 30 June 2015.

⁽²⁾ The serviced apartments are entrusted operations.

Revenue continued to increase

During the Interim Period of 2015, the properties of Yuexiu REIT realized total revenue of approximately RMB790.4 million, representing a 6.1% increase as compared to the corresponding period year-on-year. Of which, the percentage of total revenue contributed by White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis and GZIFC was approximately 24.8%, 4.5%, 3.8%, 4.0%, 4.0% and 58.9% respectively.

No bad debt was recorded during the Interim Period.

The following table sets out a comparison of revenue in respect of all the properties between the Reporting Period and the corresponding period of the previous year:

Name of property	Revenue for 2015 Interim Period RMB million	Revenue for 2014 Interim Period RMB million	Increase as compared to 2014 Interim Period RMB million	Increase in revenue from properties %
White Horse Building	196.3	177.7	18.6	10.5%
Fortune Plaza	35.2	34.1	1.1	3.2%
City Development Plaza	29.8	29.7	0.1	0.3%
Victory Plaza	31.3	22.5	8.8	39.1%
Neo Metropolis	32.0	31.0	1.0	3.2%
Sub-total of original projects	324.6	295.0	29.6	10.0%
GZIFC	465.8	450.0	15.8	3.5%
Total	790.4	745.0	45.4	6.1%

Management Discussion and Analysis

WHITE HORSE BUILDING – CONTINUED TO TRANSFORM, UPGRADE AND ENHANCED MARKET COMPETITIVENESS

During the first half of the year, the Manager refurbished and renovated the lobby on the first floor and the public area of some passages at White Horse Building, which further elevated the business environment and overall image of the property. Meanwhile, the Manager conducted an extensive market research, smoothly completed the lease renewal of the third floor upon its expiry and recorded a reasonable rental increase of 6%. In respect of marketing, the Manager organized the prominent and branded customers of White Horse to participate in the Shanghai Fair of China International Fashion and Accessories Expo 2015, which further expanded the marketing channels of the White Horse apparel brand, the Manager also organized the national circuit tour of the White Horse apparel brand in Linyi, Shandong Province, aiming at continuously expanding the influence of White Horse. In addition, the Manager actively utilized marketing approaches from new media, such as apparel website of White Horse and WeChat account, which focused on establishing an O2O e-commerce service platform for White Horse merchants, and consolidating the leading competitive position in the industry.

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA, NEO METROPOLIS – STRENGTHENED CUSTOMER LOYALTY, CONTINUOUSLY RAISED RENTALS OF PROJECTS

Fortune Plaza, City Development Plaza and Neo Metropolis projects continued to focus on implementing active leasing and customer relationship management strategies to strengthen customer loyalty of such buildings and improve the rental value of properties continuously. The Manager continued to improve customer satisfaction and loyalty by paying daily visits to customers and regularly organizing distinctive community cultural activities. In particular, some activities, such as "Lecture on Children's Financial Quotient", "Say No to Cigarette" and "Recovery of Used Batteries", were held at the Fortune Plaza, City Development Plaza and Neo Metropolis respectively, which further strengthened and improved customer relationship. Leveraging on the good customer relationship, strong communication and negotiation capability, as well as the proactive lease renewal policies, the Manager stabilized the premium tenants of such buildings, and thus Fortune Plaza, City Development Plaza and Neo Metropolis recorded a renewal rate of 67%, 80% and 85% respectively. By means of flexible and effective leasing management strategies, the projects of Fortune Plaza, City Development Plaza and Neo Metropolis maintained stable operation with a high occupancy rate and continuously increasing the rental level.

VICTORY PLAZA – DEEPENED THE POSITIONING ADJUSTMENT AND INCREASED THE INNOVATIVE MARKETING EFFORTS

In September of the previous year, Victory Plaza used the brand new commercial brand image "VT101" to launch its grand opening, together with the impressive opening of several premium brand tenants such as UNIQLO, the flagship shop in South China, Adidas and TanYu. The brand positioning of "VT101" at "Fashion", "Lohas" and "Ecology", which was popular with the general young consumer groups, received warm reception since its opening. It was awarded "Top 10 Shopping Center in Guangzhou in 2014" by Guangzhou General Chamber of Commerce. In order to deepen the brand image of "VT101", during the first half of the year, the Manager put emphasis on the positioning of "Fast Fashion Experiencing Center" of the mall, carried out commercial structural adjustment in some areas on the third, fifth and sixth floors, actively introduced a catering shop featuring specialty cuisine, "Nice to Meet You" and another restaurant presenting premium cuisine, "KeYu", which enhanced the brand awareness and property value of "VT101". In the meantime, the Manager continued to innovate in marketing approaches, increased the promotion efforts on the commercial brand of "VT101", organized a series of large-scale innovative marketing activities, including "Goddess Festival" and "Mushroom Street and Buyer Street". The customer flow of such shopping mall significantly increased due to the marketing mode of online and offline interactions.

Management Discussion and Analysis

GUANGZHOU INTERNATIONAL FINANCE CENTER – THE OFFICE BUILDING RECORDED STABLE GROWTH IN OPERATING RESULTS, THE SHOPPING PODIUM ACTIVELY FORMULATED ADJUSTMENT PLANS

In respect of the office building of Guangzhou International Finance Center, facing market competition from the Grade A office buildings in Zhujiang New Town, the Manager achieved excellent operating results by implementing active and prudent policies and measures. In order to tackle the competition impact brought by future new projects in the market, the Manager prioritized the work of lease renewal and implemented flexible leasing measures by renewing leases in advance with quality tenants of the building, thus achieving a renewal rate of 79% in the first half of the year. Meanwhile, the Manager successfully introduced various quality customers, including “the Consulate General of the Republic of Colombia”, “Wing Lung Bank”, “Bank of Taiwan”, “Bank of Beijing” and “Orient Thai Airlines”, by leveraging on refined leasing strategies and strong resources integration capabilities. The Manager also procured several premium customers, including “Harvest Fund” and “Guangzhou Chengfa Capital Co. Ltd. (a State-owned fund)” to expand their leasing space. In respect of customer relationship management, the Manager continued to hold social activities for tenants, publicity and promotion of project brands. Through the establishment of the WeChat social platform, the Manager held interactive activities such as the “M-zone Photography Exhibition”, so as to further maintain and enhance customer relationship and increase the recognition of our project brands.

With respect to the shopping podium of Guangzhou International Finance Center, the Manager actively studied the development trend of the retail mall segment in view of the declining profit and weakening growth in sales in the department store industry. After in-depth analysis and research, the Manager considered that the current department store operations of the IFC mall would need to be further upgraded and optimized, and the single business mode of department store could not meet the diverse demands of the project complex. In order to enhance the commercial value and ancillary service capabilities of the shopping podium of Guangzhou International Finance Center, the Manager needed to take the initiative in adjusting the business structure of the shopping podium and the brand portfolio of the department store. After conducting sufficient research and analysis of the domestic retail industry, the department store industry and regional customer base, the Manager positioned the mall based on the theme of “business + lifestyle” taking into account the characteristics of the regional customer base which was mainly comprised of white collar and business people. In the first half of the year, the Manager actively negotiated with Friendship Department Store after the positioning had been defined, both parties unanimously agreed on the optimization and adjustment proposal. Friendship Department Store would upgrade and optimize the brand portfolio of Friendship Store in GZIFC by leveraging on the competitive advantage of its own brand and industry experience, while the Manager would transform some space of the shopping mall by increasing the proportion of food and beverages, lifestyle and retail-related businesses. This adjustment had reduced the floor area of the Friendship Department Store and incurred a one-off non-cash rental reduction. In the second half of the year, the Manager will fully propel and organize the implementation of the adjustment plan.

Management Discussion and Analysis

In the first half of the year, the supply in the hotel and apartment market was relatively stable in Guangzhou. Despite slight fluctuation, the market delivered an overall stable and good performance. Through real-time monitoring of the room rate levels and establishment of the market data benchmark analysis system, the Manager actively and effectively monitored the operating conditions of Four Seasons Hotel and Ascott Serviced Apartments. By conducting multi-channel marketing and offering preferential accommodation package services during peak seasons, Four Seasons Hotel achieved an expected growth in occupancy rate and a significant increase in operating income. Four Seasons Hotel achieved excellent operating performance, with its average occupancy rate, average room rate and Revenue Per Available Room ("RevPAR") being 1.3 percentage points, 42.3% and 45.2% respectively higher than those of its direct competitors. Ascott Serviced Apartments implemented active customer management policies and held "Fabulous 5" customer appreciation feasts to improve customer experience and strengthen customer relationship. Meanwhile, Ascott Serviced Apartments also adopted diverse leasing policies and optimized its tenancy tenure structure. Ascott Serviced Apartments achieved good operating performance, with its average occupancy rate, average room rate and RevPAR being 7.3 percentage points, 30.7% and 42.0% respectively higher than those of its direct competitors.

ACTIVELY PURSUED PROGRESS IN ASSET ENHANCEMENT WORK, STRENGTHENED PROJECT COMPETITIVENESS

In the first half of the year, the Manager completed various asset enhancement work, including improvement work on the layout of units in the office building at GZIFC, image enhancement work of passages 13 and 14 on the first floor of White Horse Building, replacement work of 1#~3# air conditioners and cooling tower at White Horse Building, all of which improved effectively the business environment of the properties. In the second half of the year, the Manager will continue to promote asset enhancement work, such as renovation work of some signs on the facade of the podium, sunken plaza and interior public areas at Victory Plaza, upgrade and renovation work of sign system in the office area at GZIFC, replacement work of 2# cargo lift at White Horse Building, replacement work of domestic water pipeline at City Development Plaza, commercial adjustment and renovation work on the fourth floor of the podium and basement at Guangzhou International Finance Center, so as to further enhance the operation efficiency and business environment of the properties.

SOLIDLY EXECUTED RATING MAINTENANCE TO KEEP INVESTMENT-GRADE RATING

In the first half of the year, the Manager continued to implement stable and prudent financial policies, enhanced perpetual communication with rating agencies to ensure sound credit rating for Yuexiu REIT. Moody's and Standard & Poor's maintained Baa2 and BBB investment-grade ratings respectively for Yuexiu REIT in their updated rating reports for the results in 2014, and restated that Yuexiu REIT would have a steady prospect.

CONTINUOUSLY OPTIMIZED THE DEBT STRUCTURE AND REDUCED THE OVERALL FINANCE COST

In the first half of the year, Yuexiu REIT successfully repaid domestic loan of RMB615 million to GZIFC, the percentage of remaining domestic loan decreased by 6.3 percentage points to 34.3% from the beginning of the year. Meanwhile, Yuexiu REIT successfully drew down a syndicated loan of HKD400 million, and the average finance cost decreased from 4.46% at the beginning of the year to 4.06%. The debt structure of Yuexiu REIT was further optimized with a continuous reduction in overall finance cost.

Management Discussion and Analysis

FINANCIAL REVIEW

Financial Results

Both rental income and net property income were higher than the Interim Period of 2014. The following is a summary of Yuexiu REIT's financial results during the 2015 Interim Period:

	Six months ended 30 June		
	2015 Unaudited RMB'000	2014 Unaudited RMB'000	Increase/(decrease) %
Gross income	790,391	745,044	6.1%
Hotel and serviced apartments direct expenses	(149,389)	(141,586)	5.5%
Leasing agents' fee	(17,581)	(15,913)	10.5%
Property related taxes (Note 1)	(124,026)	(120,401)	3.0%
Other property expenses (Note 2)	(4,175)	(3,639)	14.7%
Total property operating expenses	(295,171)	(281,539)	4.8%
Net property income	495,220	463,505	6.8%
Withholding tax	(30,383)	(27,034)	12.4%
Depreciation and amortization	(75,975)	(74,427)	2.1%
Manager's fees	(52,857)	(49,731)	6.3%
Trustee's fees	(3,804)	(3,682)	3.3%
Other trust expenses (Note 3)	(15,440)	(12,897)	19.7%
Total non-property operating expenses	(178,459)	(167,771)	6.4%
Profit before finance costs, finance income and tax	316,761	295,734	7.1%
Finance income	26,713	48,442	(44.9)%
Finance cost	(174,708)	(221,505)	(21.1)%
Profit before tax	168,766	122,671	37.6%
Income tax expenses	(58,327)	(79,712)	(26.8)%
Net profit after tax before fair value gain on investment properties	110,439	42,959	157.1%
Fair value gain on investment properties	434,589	211,923	105.1%
Net profit after tax before transactions with Unitholders	545,028	254,882	113.8%

Note 1: Property related taxes includes real estate tax, land use right tax, business tax, urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties.

Note 2: Other property expenses include valuation fee, insurance premium and other expenses incurred at the level of the properties.

Note 3: Other trust expenses include audit fees, printing charges, unit registrar's fees, listing fees, legal advisory fee, exchange difference and miscellaneous expenses.

Management Discussion and Analysis

Gross income comes from office, wholesales, retails, hotel and serviced apartments. The following table shows an analysis of gross income:

<i>(RMB'000)</i>	Six months ended 30 June	
	2015	2014
Office	323,711	309,154
Wholesales	196,243	177,721
Retails	34,399	56,830
Hotel and serviced apartments	236,038	201,339
Total	790,391	745,044

Net property income amounted to approximately RMB495,220,000 (2014: RMB463,505,000), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agents' fees and other property operating expenses, representing approximately 62.7% of total gross income. The table below sets out an analysis of net property income:

<i>(RMB'000)</i>	Six months ended 30 June	
	2015	2014
Office	251,892	240,992
Wholesales	154,170	140,064
Retails	26,554	45,240
Hotel and serviced apartments	62,604	37,209
Total	495,220	463,505

The adjustment of the business structure for the shopping podium of GZIFC had incurred a one-off non-cash rental reduction, The rental income of retails decreased by 39.5%.

Hotel and serviced apartments direct expenses were RMB149,389,000, an increase of 5.5% as compared with the 2014 Interim Period. It was mainly because of a 17.2% increase in operating revenue.

Management Discussion and Analysis

Leasing agents' fee increased by approximately 10.5% as compared with the 2014 Interim Period. It was mainly because of the rental income increase in office and wholesales.

Property related tax increased by approximately 3.0% as compared with the 2014 Interim Period. It was mainly because of a tax increase resulting from an increase of rental income.

Depreciation and amortization charge was mainly due to the fact that hotel and serviced apartments were booked as fixed assets incurring the depreciation and amortization charge.

Excluding the adjustment made on the top-up payment asset, the finance cost actually incurred for the current period amounted to approximately RMB168,301,000 (2014: RMB181,260,000).

Profit after tax before transactions with Unitholders amounted to approximately RMB545,028,000 (2014: RMB254,882,000), which represented an increase of 113.8%, mainly due to the gain on property revaluation of approximately RMB434,589,000 for the 2015 Interim Period, higher than that of approximately RMB211,923,000 for the same period of last year.

TOP-UP PAYMENT

Top-up Payment for the 2015 Interim Period is approximately RMB38,093,000. Yuexiu Property shall pay the said amount within 7 business days after the announcement of Yuexiu REIT's interim results for the 2015 Interim Period. Please refer to the Circular dated 30 June 2012 for details.

NEW UNITS ISSUED AND UNIT ACTIVITY

In respect of the partial settlement of Manager's fee during the relevant period, Yuexiu REIT issued 15,481,099 new units at HK\$4.33 on 9 March 2015. As at 30 June 2015, a total of 2,815,276,784 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$4.57 and a low of HK\$3.88 during the 2015 Interim Period. The average trading volume amounted to approximately 4,977,000 Units per day during the 2015 Interim Period (2014: 3,319,000 Units).

NET ASSET VALUE

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2015 was approximately RMB4.78 (31 December 2014: RMB4.69).

Management Discussion and Analysis

CAPITAL STRUCTURE

Due to the acquisition of GZIFC, the secured loan of approximately RMB4,500,000,000 was transferred under the name of Yuexiu REIT. RMB615,000,000 was repaid through its own funds and internal arrangement in the 1st half of 2015. Part of the bank loan, amounting to RMB1,825,000,000 had already been repaid as at 30 June 2015.

In relation to the US\$1,000,000,000 guaranteed medium-term note plan, on 14 May 2013, Yuexiu REIT issued a total principal of US\$350,000,000 guaranteed medium-term note at 3.1% which would mature in 2018. The fund was used for repayment of the bank loan of HK\$2,502,000,000 as well as general working capital.

On 13 December 2013, Yuexiu REIT, through its Special Purpose Vehicles ("SPVs"), entered into a loan agreement with certain banks in connection with a three-year fixed-term floating rate loan of HK\$2,850,000,000, which bears interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus 1.78% per annum. HK\$2,650,000,000 and HK\$200,000,000 were drawn down from the loan on 19 December 2013 and 30 April 2014 respectively, they were utilised for repayment of the remaining balance of HK\$2,600,000,000 of the HK\$2,980,000,000 bank loan and as general working capital.

On 30 July 2014, Yuexiu REIT, through its SPVs, entered into a loan agreement with certain banks in connection with a two-year plus an optional one-year fixed-term floating rate loan of HK\$600,000,000 which bear interest at HIBOR plus 1.83% per annum. The loan was drawn down on 25 September 2014 for general working capital requirement.

On 17 April 2015, Yuexiu REIT, through its SPVs, entered into a loan arrangement with certain banks in connection with a two-year plus an optional one-year fixed-term floating rate loan of HK\$900,000,000 which bear interest at HIBOR plus 1.83% per annum. Part of the bank loan, amounting HK\$400,000,000 was drawn down on 6 May 2015 for general working capital requirement.

As at 30 June 2015, total borrowings of Yuexiu REIT amounted to approximately RMB7,809,199,000, which represented approximately 31.0% of total assets of Yuexiu REIT.

The above said gearing ratio was below the maximum borrowing limit of 45% as stipulated in the REIT Code.

As at 30 June 2015, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB11,685,621,000, representing approximately 46.3% of total assets of Yuexiu REIT.

CASH POSITION

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2015 amounted to approximately RMB662,712,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

The Manager has adopted a prudent approach in cash management to ensure flexibility to meet the operational needs and the distributions of Yuexiu REIT.

Management Discussion and Analysis

REVIEW OF FINANCIAL RESULTS

The results of Yuexiu REIT for the 2015 Interim Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by Yuexiu REIT's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

ISSUANCE OF 2015 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2015 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2015.

REPURCHASE, SALE OR REDEMPTION OF UNITS

Yuexiu REIT may, subject to the fulfillment of certain requirements, purchase its own Units on the Stock Exchange. During the 2015 Interim Period, there was no repurchase, sale or redemption of units of Yuexiu REIT by Yuexiu REIT or any of its subsidiaries.

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

Yuexiu REIT or any of its subsidiaries did not enter into any real estate sale and purchase during the 2015 Interim Period.

EMPLOYEES

As at 30 June 2015, Yuexiu REIT employed 673 and 137 employees in China for hotel operation and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service for hotel and serviced apartments.

As disclosed above, Yuexiu REIT is managed by the Manager. Yuexiu REIT does not employ any staff directly.

Corporate Governance

The Manager has adopted an overall corporate governance framework of the Code of Best Practice which is designed to promote the operation of Yuexiu REIT in a transparent manner with built-in verifications and checks to evaluate the performance of the Manager, and consequently sustains the success of Yuexiu REIT which it manages.

The Manager has adopted a compliance manual (the “Compliance Manual”) for use in relation to the management and operation of Yuexiu REIT which includes key policies and procedures to maintain a high standard of corporate governance.

During the 2015 Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of Yuexiu REIT.

Authorisation Structure

Yuexiu REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. The Manager has three persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and Rule 5.4 of the REIT Code, and Mr. Liu Yongjie and Mr. Lin Deliang, the Executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Kwan Chi Fai is also a Responsible Officer.

The Trustee is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 29) and is qualified to act as a trustee for authorised collective investment schemes under the SFO and the REIT Code.

Roles Of The Trustee And Manager

The Trustee is responsible under the Trust Deed for, amongst other things, the safe custody of the assets of Yuexiu REIT held by it on behalf of Unitholders. The Manager’s role under the Trust Deed is to manage Yuexiu REIT in accordance with the Trust Deed and, in particular, to ensure that the financial and economic aspects of Yuexiu REIT’s assets are professionally managed in the sole interests of the Unitholders.

Functions Of The Board

The board of Directors of the Manager (“Board”) currently comprises six members, three of whom are INEDs.

The Board principally oversees the day-to-day management of the Manager’s affairs and the conduct of its business, it is also responsible for the overall governance of the Manager. The Board’s function is largely separated from, and independent of, the executive management function. The Board leads and guides the Manager’s corporate strategy and direction. Day-to-day management functions and certain supervisory functions have been delegated to relevant committees of the Board and a schedule of matters specifically reserved for the Board has been formally adopted. The Board exercises its general powers within the limits defined by the Manager’s articles of association (“Articles of Association”), with a view to ensuring that management discharges its duties and is compensated appropriately, and that sound internal control policies and risk management systems are maintained. The Board will also review major financial decisions and the performance of the Manager. In accordance with the REIT Code, the Manager is required to act in the best interests of the Unitholders, to whom it owes a fiduciary duty.

Corporate Governance

Board Committees

The Board has the power to delegate to committees consisting of its appropriate members as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear scope of responsibilities to review specific issues or items and submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are as follows:

Audit Committee

The Audit Committee comprises INEDs only (at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise) and should have at least three members. Among other matters, it reviews the completeness, accuracy and fairness of Yuexiu REIT's financial statements and considers the scope, approach and nature of internal and external audit reviews, and is responsible for the overall risk management.

Finance And Investment Committee

The Finance and Investment Committee comprises five Directors, including the Chairman, the Chief Executive Officer and at least one INED. It is responsible for, among other matters, evaluating and making recommendations on proposed acquisitions and disposals of assets proposed by the Manager and Yuexiu REIT, approving budgets and reviewing actual expenses on all key expenditures and reviewing the quarterly financial performance, forecasts and annual financial plan of the Manager and Yuexiu REIT. The Finance and Investment Committee also reviews and recommends changes to financial authorities, policies or procedures in areas such as accounting, taxes, treasury, distribution payout, investment appraisal, management and statutory reporting.

Disclosure Committee

The Disclosure Committee comprises the Chief Executive Officer and at least one INED. Among other matters, it is responsible for reviewing matters relating to the regular, urgent and forward looking disclosure of information to Unitholders and public announcements and circulars. The Disclosure Committee also oversees compliance with applicable legal requirements (including those relating to Yuexiu REIT's connected party transactions) and the continuous accuracy, clarity, completeness and distribution of information disseminated by the Manager and Yuexiu REIT to the public and applicable regulatory agencies.

Corporate Governance

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises the Chairman and at least three other Directors, one of whom must be an INED. Among other matters, it reviews the terms and conditions of employment of all staff and Directors (other than the members of the Remuneration and Nomination Committee, whose remuneration is determined by the Board) and recommends the manpower deployment plan (including the succession plan for the management of the Manager and the Board), remuneration and retirement policies and packages. It ensures that no Director is involved in deciding his own remuneration. It is also responsible for reviewing the structure, size and composition of the Board and its committees on an ongoing basis as well as nominating and providing recommendations on nominees for appointment, re-appointment or removal as Directors. If a member of the Remuneration and Nomination Committee is subject to re-appointment or removal, then such Director will abstain from participating in such discussions.

Conflict Of Interest

The REIT Manager has established the following procedures to deal with conflict of interest:

- 1) The REIT Manager does not manage any other real estate investment trust or involve in any other real estate business;
- 2) All connected party transactions are monitored and undertaken according to the procedures and terms in compliance with the REIT Code;
- 3) At least one-third of the Board comprise INEDs.

Public Float

Based on the information that is publicly available as at the date of this report, the Manager reports there was more than 25% of the Units held in public hands as required under the Listing Rules and the REIT Code.

Connected Party Transactions

The connected party transaction rules of the REIT Code govern transactions between the Yuexiu REIT Group and its connected persons (as defined in Rule 8.1 of the REIT Code). Such transactions will constitute connected party transactions for the purposes of the REIT Code.

THE MANAGER AND SIGNIFICANT HOLDER GROUP

Set out below is the information in respect of the connected party transactions involving Yuexiu REIT and its connected persons:

LEASING TRANSACTIONS

Certain portions of City Development Plaza, Neo Metropolis, Fortune Plaza and GZIFC have been leased to connected parties (as defined in the REIT Code) of Yuexiu REIT in relation to the Manager ("Manager Group"). Details are as follows:

Tenant	Location of unit	Relationship with Yuexiu REIT	Lease		Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income
			GFA (sq.m.)	commencement/renewal date					Interim period (RMB)
City Development Plaza									
Guangzhou Yicheng Property Management Limited ("Yicheng")	1/F	an associate of the Manager	97.00	1 May 2013	485	5	0	3	2,910
Yicheng	19/F	an associate of the Manager	1,844.34	30 Jan 2013	217,632	118	122	5.33	1,262,437
Guangzhou City Construction & Development Xingye Property Agent Ltd ("Xingye")	27, 28/F	an associate of the Manager	3,688.68	16 Dec 2012	461,085	125	121	5.04	2,692,534
Golden Eagle Asset Management Co., Ltd	22, 23/F	an associate of the Manager	3,688.68	16 Jan 2011	387,311	105	75	5	2,256,227
Sub-total:									6,214,108

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2015 Interim period (RMB)
Neo Metropolis									
Guangzhou White Horse Clothings Market Ltd	Basement 2, 3/F	an associate of the Manager	7,621.03	1 Jan 2013	100,000	13	0	3	600,000
Sub-total:									600,000

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2015 Interim period (RMB)
Fortune Plaza									
廣州越秀小額貸款有限公司	Podium 303	an associate of the Manager	501.05	1 Apr 2013	55,116	110	61	4	329,141
Xingye	East Tower 808	an associate of the Manager	188.80	1 Apr 2013	26,432	140	0	2	79,296
Sub-total:									408,437

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2015
									Interim Period (RMB)
GZIFC									
廣州越秀企業集團有限公司	0601-A ⁽⁶⁾	an associate of the Manager	1,224.74	1 Jan 2015	264,815	216	0	1	1,560,410
Guangzhou Grandcity Development Ltd.	0601-G, H	an associate of the Manager	877.03	1 Oct 2014	181,894	207	0	1.25	1,117,385
GCCD	1501, 1601	an associate of the Manager	6,297.82	1 Jan 2013	1,391,818	221	0	3	8,732,969
GCCD	5801-B, 02, 03, 04-A ⁽⁶⁾	an associate of the Manager	1,196.58	1 Jan 2015	324,154	271	0	1.42	1,997,337
廣州越秀企業集團有限公司	5801-A ⁽⁴⁾	an associate of the Manager	512.64	1 Jan 2015	138,868	271	0	1.42	855,667
廣州越秀企業集團有限公司	6401, 6501 ⁽⁶⁾	an associate of the Manager	6,509.02	1 Jan 2015	2,274,870	349	0	1	13,122,138
GCCD	0440-E, F	an associate of the Manager	1,023.55	1 Jan 2015	187,719	183	0	1	1,117,056
廣州越秀企業集團有限公司	0440-H	an associate of the Manager	476.76	1 Jan 2015	87,438	183	0	1	520,315
廣州廣證恒生證券研究所有限公司	6301-C	an associate of the Manager	811.63	1 Jan 2015	282,098	348	0	1	1,678,675
Guangzhou Grandcity Development Ltd.	1101, 1401	an associate of the Manager	6,062.80	1 Jan 2013	1,339,878	221	0	3	8,407,066
廣州穗橋發展有限公司	1701-D	an associate of the Manager	200.99	1 Jan 2015	50,426	251	0	3	308,314
Guangzhou Yuexiu Asset Management Company Limited ("GZAM")	0601-E	an associate of the Manager	46.82	1 Jan 2015	10,123	216	0	3	61,904

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income
									Interim Period (RMB)
GZAM	0601-D	an associate of the Manager	138.72	1 Sep 2013	27,605	199	0	3	166,428
GZAM	1701-E ⁽¹⁾	an associate of the Manager	855.96	1 Oct 2014	213,134	249	0	0.67	1,269,171
GZAM	0440-D	an associate of the Manager	207.40	1 Jan 2015	38,037	183	0	1	226,346
廣州越騰信息有限公司	1701-C	an associate of the Manager	266.86	1 Jan 2015	66,953	251	0	3	409,357
廣州越通公路運營管理有限公司	1701-B	an associate of the Manager	261.29	1 Jan 2015	65,555	251	0	3	400,812
Yuexiu (China) Transport Infrastructure Investment Company Limited	0440-A	an associate of the Manager	175.08	1 Jan 2015	32,110	183	0	1	191,076
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	6301-A, E	an associate of the Manager	696.58	1 Jan 2015	242,110	348	0	1	1,440,720
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	0440-C	an associate of the Manager	78.11	1 Jan 2015	14,325	183	0	1	85,244
Guangzhou Yuexiu Financial Holdings Group Co., Ltd	0601-B	an associate of the Manager	227.87	1 Jan 2015	49,270	216	0	1	293,191
Guangzhou Yuexiu Financial Holdings Group Co., Ltd	6301-B	an associate of the Manager	930.54	1 Jan 2015	323,428	348	0	1	1,924,618

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2015
									Interim Period (RMB)
Guangzhou Yuexiu Financial Holdings Group Co., Ltd	0440-B	an associate of the Manager	142.76	1 Jan 2015	26,182	183	0	1	155,801
Guangzhou Yuexiu Financial Leasing Co., Ltd. ("GZYFL")	6301-D, F	an associate of the Manager	860.73	1 Jun 2013	275,434	320	0	3	1,707,498
GZAM	3801-3803 ⁽²⁾	an associate of the Manager	842.52	1 Nov 2014	208,102	247	0	0.58	1,242,255
GZYFL	5604	an associate of the Manager	533.50	15 Jul 2013	137,643	258	0	2	819,070
Guangzhou Securities Co., Ltd.	0601-C	an associate of the Manager	248.05	1 Jan 2015	53,633	216	0	1	319,154
Guangzhou Securities Co., Ltd.	1901, 2001	an associate of the Manager	6,399.43	1 Jan 2015	1,645,309	257	0	1	9,894,463
GZAM	5804-B ⁽⁴⁾	an associate of the Manager	242.29	1 Jan 2015	65,637	271	0	1.42	404,435
Yuexiu (China) Transport Infrastructure Investment Company Limited	5804-C · 05-A ⁽⁴⁾	an associate of the Manager	398.75	1 Jan 2015	108,020	271	0	1.42	665,588
Guangzhou Yuexiu Financial Holdings Group Co., Ltd	5805-B · 06-A ⁽⁴⁾	an associate of the Manager	507.40	1 Jan 2015	137,464	271	0	1.42	847,008
Guangzhou Securities Co., Ltd.	5806-B ⁽⁴⁾	an associate of the Manager	213.70	1 Jan 2015	57,854	271	0	1.42	356,480
GZYFL	5806-C ⁽⁴⁾	an associate of the Manager	133.50	1 Jan 2015	36,194	271	0	1.42	223,017
Guangzhou Paper Group Ltd.	5806-D ⁽⁴⁾	an associate of the Manager	85.49	1 Jan 2015	23,161	271	0	1.42	142,711
Guangzhou Building Materials Enterprise Group Co., Ltd.	5806-E · 07-A ⁽⁴⁾	an associate of the Manager	85.49	1 Jan 2015	23,161	271	0	1.42	142,711
廣州鈦白粉廠	5807-B ⁽⁴⁾	an associate of the Manager	85.49	1 Jan 2015	23,161	271	0	1.42	142,711
Guangzhou Securities Co., Ltd.	401-B	an associate of the Manager	1,422.14	27 Feb 2015	220,432	155	0	1	855,372
Chong Hing Bank Limited Guangzhou Sub-branch	4605	an associate of the Manager	558.36	30 Mar 2015	138,473	248	0	1	402,437

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2015 Interim Period (RMB)
GZAM	4001 · 02 · 03 · 05 · 06	an associate of the Manager	2,882.42	1 May 2015	706,193	245	0	3	1,320,633
Guangzhou Securities Co., Ltd.	706 · 07	an associate of the Manager	474.16	15 Apr 2015	76,814	162	0	3	186,723
Guangzhou Yuexiu Financial Holdings Group Co., Ltd	4706A	an associate of the Manager	300.00	12 May 2015	73,500	245	0	0.64	120,068
GZYFL	4706B	an associate of the Manager	246.91	12 May 2015	60,493	245	0	0.64	98,821
Guangzhou Securities Co., Ltd.	501	an associate of the Manager	2,868.01	20 Jun 2015	458,882	160	0	3	154,757
Guangzhou Securities Co., Ltd.	0440-G	an associate of the Manager	409.42	1 Jan 2015	75,088	183	0	1	446,826
Yuexiu (China) Transport Infrastructure Investment Company Limited	0601-F	an associate of the Manager	126.99	1 Jan 2015	27,458	216	0	3	167,906
Yuexiu (China) Transport Infrastructure Investment Company Limited	1701-A	an associate of the Manager	1,585.09	1 Jan 2015	397,683	251	0	3	2,431,489
GCCD	1001-1012	an associate of the Manager	2,972.86	1 Jun 2013	594,572	200	0	3	3,593,798
Beijing Jones Lang LaSalle Property Management Services Company Limited, Guangzhou Branch	2403	an associate of the Manager	534.80	16 Jan 2013	112,308	210	0	3.67	619,036
GZYFL	0440-I	an associate of the Manager	145.45	1 Jan 2015	26,676	183	0	1	158,741
廣州廣證恒生證券研究所有限公司	0440-J	an associate of the Manager	40.40	1 Jan 2015	7,409	183	0	1	44,088
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZYXJLL")	Carpark	an associate of the Manager	71,082.79	1 Jul 2014	1,172,500	16	0	1	7,035,000
Chong Hing Bank Limited Guangzhou Sub-branch	podium 103 · 203	an associate of the Manager	631.28	1 Jan 2015	233,068	369	0	2.5	1,293,274
Guangzhou Yuexiu Financial Holdings Group Co., Ltd	3601	an associate of the Manager	283.16	1 Apr 2014	71,356	252	0	1.25	410,689
Sub-total:									82,288,759
Total:									89,511,304

Connected Party Transactions

- (1) On 1 June 2015, GZAM entered into a lease with IFC Company in respect of unit 1701E of GZIFC, renewing the existing term for 2 months commencing 1 June 2015, and the unit price of rent remain unchanged.
- (2) On 1 June 2015, GZAM entered into a lease with IFC Company in respect of units 3801-03 of GZIFC, renewing the existing term for 2 months commencing 1 June 2015, and the unit price of rent remain unchanged.
- (3) The tenant of units 6401、6501 has been changed from Guangzhou Yuexiu Holdings Limited to 廣州越秀企業集團有限公司 on 1 January 2015, as negotiated, with all terms of the tenancy agreement remain unchanged.
- (4) The tenant of units 5801-A、04-B、04-C、05-A、05-B、06-A、06-B、06-C、06-D、06-E、07-A、07-B has been changed from GCCD to 廣州越秀企業集團有限公司, GZAM, Yuexiu (China) Transport Infrastructure Investment Company Limited, Guangzhou Yuexiu Financial Holdings Group Co., Ltd., Guangzhou Securities Co.,Ltd., GZYFL, Guangzhou Paper Group Ltd., Guangzhou Building Materials Enterprises Group Co., Ltd., 廣州鈦白粉廠 on 1 January 2015, as negotiated, with all terms of the tenancy agreement remain unchanged.
- (5) The tenant of units 5801-B、02、03 has been changed from Guangzhou Yuexiu Holdings Limited to GCCD on 1 January 2015, as negotiated, with all terms of the tenancy agreement remain unchanged.
- (6) The tenant of unit 601-A has been changed from Guangzhou Yuexiu Holdings Limited to 廣州越秀企業集團有限公司 on 1 January 2015, as negotiated, with all terms of the tenancy agreement remain unchanged.

PROPERTY MANAGEMENT AGREEMENTS

The following table sets forth information for the year in relation to the property management services provided by the connected parties to the properties of Yuexiu REIT:

Property Manager	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2015 Interim Period (RMB)
Guangzhou White Horse Property Management Co., Ltd. ("White Horse PM")	an associate of the Manager	White Horse Building	1 Jan 2014	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Fortune Plaza	1 Jan 2014	Property Management Agreement	N/A
Yicheng	an associate of the Manager	City Development Plaza	19 Jul 2013	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Neo Metropolis	1 Jan 2014	Property Management Agreement	N/A
GZYXJLL	an associate of the Manager	GZIFC	1 Sep 2009	Property Management Agreement	N/A

Connected Party Transactions

TENANCY SERVICES AGREEMENTS

The following table sets forth information for the year in relation to the tenancy services provided by the connected parties to the properties of Yuexiu REIT:

Service provider	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2015 Interim Period (RMB)
White Horse PM	an associate of the Manager	White Horse Building	31 Dec 2014	Tenancy Services Agreement	5,887,000
Yicheng	an associate of the Manager	Fortune Plaza	31 Dec 2014	Tenancy Services Agreement	1,374,000
Yicheng	an associate of the Manager	City Development Plaza	31 Dec 2014	Tenancy Services Agreement	1,193,000
Yicheng	an associate of the Manager	Victory Plaza	31 Dec 2014	Tenancy Services Agreement	1,253,000
Yicheng	an associate of the Manager	Neo Metropolis and Fortune Plaza 1701	31 Dec 2014	Tenancy Services Agreement	1,314,000
GZAM	an associate of the Manager	GZIFC	8 Oct 2012	Tenancy Services Agreement	6,560,000

TRADE MARK LICENCE AGREEMENTS

The following table sets forth information for the period in relation to the trade mark licences granted by the connected parties to Yuexiu REIT:

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2015 Interim Period	Licence Period
White Horse PM	an associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	–	1 January 2007 to 27 November 2016 and 30 January 2017
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") ⁽¹⁾	an associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	–	Perpetuity (subject to early termination terms)

⁽¹⁾ The Trademarks were assigned from Yue Xiu Enterprise (Holdings) Limited to Guangzhou Yuexiu Holdings Limited.

Connected Party Transactions

CONSTRUCTION SETTLEMENT AGENCY AGREEMENT

The following table sets forth information for the period in relation to the prepaid construction payable by Yuexiu REIT to the connected parties and the interest charged on the balance of prepaid construction payable:

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Prepaid Construction Payable for 2015 Interim Period (RMB)	Nature of Transaction	Amount received/receivable for 2015 Interim Period (RMB)
GCCD	an associate of the Manager	4 May 2012	319,943,000	Interest on the balance of construction payable	16,338,000

GUARANTEE FROM FOUNDING SHAREHOLDERS

Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. has an existing syndicated development loan of RMB4.5 billion guaranteed jointly and severally by Guangzhou City Construction and Development Co., Ltd. (廣州市城市建設開發有限公司), Guangzhou Charcon Real Estate Co., Ltd. (廣州市祥港房地產開發有限公司) and Guangzhou City Construction and Development Group Co., Ltd. (廣州市城市建設開發集團有限公司) in the proportion of 75%, 24% and 1% respectively with an effective period expiring on the date two years after full repayment of the existing syndicated development loan.

WAIVER FROM STRICT COMPLIANCE

A waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of the existing leasing transactions of Yuexiu REIT, the existing property management arrangement and the tenancy services agreement of the existing properties, together with the new leasing transaction, the new property management arrangement and the new tenancy services agreement, as mentioned above, between the Group and persons which are connected with Yuexiu REIT as a result of their connection with the Manager has been granted by the SFC on 11 December 2014, subject to annual limitation as to the capped value of such transactions, review by the auditors for each relevant financial period, annual review by the Audit Committee and the independent non-executive directors ("INEDs") and other terms and conditions. For detailed terms and conditions of the waiver, please refer to the circular dispatched to Unitholders on 25 November 2014.

HSBC GROUP*

(*Note: "HSBC Group" means The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and its subsidiaries and, unless expressly stated, shall not include the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee except those subsidiaries formed in its capacity as the trustee of Yuexiu REIT)).

Connected Party Transactions

CORPORATE FINANCE TRANSACTIONS AND ORDINARY BANKING SERVICES

The following table sets forth information for the period in relation to the corporate finance transactions and ordinary banking services made between the HSBC Group and Yuexiu REIT within the period:

Nature of transaction	Date of agreement	Principal amount	Amount of fees paid/payable within the 2015 Interim Period	Amount of interest paid/payable within the 2015 Interim Period
Loan ⁽¹⁾	13 December 2013	HK\$350,000,000	—	RMB3,458,000

⁽¹⁾ HSBC was one of the lending banks.

GZI REIT (Holding) 2005 Company Limited, Partat, Keen Ocean, Full Estates, Moon King, Metrogold Development Ltd ("Metrogold"), Ever Joint Investment International Limited ("Ever Joint"), Long Grace Holdings Limited ("Long Grace"), Profit Link Investment International Limited ("Profit Link"), San Bright Holdings Limited ("San Bright") and Yuexiu REIT MTN Company Limited have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the 2015 Interim Period.

WAIVER FROM STRICT COMPLIANCE

A waiver from strict compliance with the disclosure requirement and Unitholders' approval under Chapter 8 of the REIT Code in respect of the transactions with connected persons of the Trustee has been granted by the SFC on 8 December 2005 subject to specific caps on fees payable by Yuexiu REIT for corporate finance services, review by the auditors for each relevant financial period, annual review by the Audit Committee and the INEDs and other terms and conditions. Details of the Waiver and its terms and conditions have been published in the Offering Circular.

CONFIRMATION BY THE AUDIT COMMITTEE AND THE INEDS

The INEDs and the Audit Committee of the Manager confirm that they have reviewed the terms of all relevant connected party transactions including those connected party transactions with the Manager Group and the HSBC Group and that they are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Yuexiu REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to or from Yuexiu REIT than terms available from or to (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement and the Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

Connected Party Transactions

CONFIRMATION BY THE MANAGER AND TRUSTEE ON CORPORATE FINANCE TRANSACTION WITH THE HSBC GROUP

Both the Manager and the Trustee have confirmed that there is no corporate finance transaction or other connected transaction (save for those disclosed above) with the HSBC Group during the 2015 Interim Period.

MANAGER'S FEES

During the 2015 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB52,857,000, 90% of which was settled by the issuance of new Units, and 10% was settled in cash.

TRUSTEE'S FEES

During the 2015 Interim Period, the aggregate amount of fees paid/payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB3,804,000.

PRINCIPAL VALUER'S FEES

During the 2015 Interim Period, the aggregate amount of fees paid/payable by Yuexiu REIT to the Principal Valuer was RMB618,000.

Connected Party Transactions

INTERESTS HELD BY THE MANAGER AND ITS DIRECTORS AND CHIEF EXECUTIVE OFFICER

The REIT Code requires that connected persons of Yuexiu REIT shall disclose their interests in Units. In addition, under the provisions of Part XV of the SFO, the Trust Deed is also deemed to be applicable, among other things, to the Manager, the Directors and the Chief Executive Officer of the Manager.

The interests and short positions held by Directors and Chief Executive Officer of the Manager in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed are set out below:

Interests and Short Positions in the Units:

Name of Director	Nature of Interest	As at 1 January 2015		As at 30 June 2015		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Liu Yongjie	—	Nil	—	Nil	—	—
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Mr. Li Feng	—	1,825	0.000065%	1,825	0.000065%	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—
Mr. Cheung Yuk Tong	—	Nil	—	Nil	—	—

Connected Party Transactions

Holdings of Significant Holders

The following persons have interests or short position in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed:

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2015		As at 30 June 2015		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Guangzhou Yuexiu Holdings Limited ("GZYX") ⁽¹⁾	Deemed	1,762,973,259 ⁽³⁾	62.97%	1,778,454,358 ⁽³⁾	63.17% ⁽⁴⁾	0.20%
	Total	1,762,973,259 ⁽³⁾	62.97%	1,778,454,358 ⁽³⁾	63.17% ⁽⁴⁾	0.20%
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Beneficial	27,320	—	27,320	—	—
	Deemed	1,762,945,939 ⁽³⁾	62.97%	1,778,427,038 ⁽³⁾	63.17% ⁽⁴⁾	0.20%
	Total	1,762,973,259 ⁽³⁾	62.97%	1,778,454,358 ⁽³⁾	63.17% ⁽⁴⁾	0.20%
YXP ⁽²⁾	Beneficial	—	—	—	—	—
	Deemed	1,753,711,674 ⁽³⁾	62.64%	1,769,192,773 ⁽³⁾	62.84% ⁽⁴⁾	0.20%
	Total	1,753,711,674 ⁽³⁾	62.64%	1,769,192,773 ⁽³⁾	62.84% ⁽⁴⁾	0.20%
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	1,697,125,730 ⁽³⁾	60.62%	1,697,125,730 ⁽³⁾	60.28% ⁽⁴⁾	(0.34%)
	Deemed	—	—	—	—	—
	Total	1,697,125,730 ⁽³⁾	60.62%	1,697,125,730 ⁽³⁾	60.28% ⁽⁴⁾	(0.34%)
Yuexiu International Investment Limited ("YXII")	Beneficial	56,585,944	2.02%	72,067,043	2.56%	0.54%
	Deemed	—	—	—	—	—
	Total	56,585,944	2.02%	72,067,043	2.56%	0.54%

Connected Party Transactions

(1) Further information in relation to interests of corporations controlled by GZYG:

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYG	100.00	Y	27,320	—
	GZYG	100.00	N	1,778,427,038 ⁽³⁾	—
Excellence Enterprises Co., Ltd.	Yue Xiu	100.00	N	1,777,127,808 ⁽³⁾	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	N	1,769,192,773 ⁽³⁾	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	Y	5,698,282	—
YXP	Bosworth International Limited	33.89	N	1,769,192,773 ⁽³⁾	—
Dragon Yield	YXP	100.00	Y	1,697,125,730 ⁽³⁾	—
Sun Peak Enterprises Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	1,414,207	—
Novena Pacific Limited	Sun Peak Enterprises Ltd.	100.00	Y	1,414,207	—
Shine Wah Worldwide Limited	Excellence Enterprises Co., Ltd.	100.00	N	395,122	—
Morrison Pacific Limited	Shine Wah Worldwide Limited	100.00	Y	395,122	—
Perfect Goal Development Co., Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	339,342	—
Greenwood Pacific Limited	Perfect Goal Development Co., Ltd.	100.00	Y	339,342	—
Seaport Development Limited	Excellence Enterprises Co., Ltd.	100.00	N	88,082	—
Goldstock International Limited	Seaport Development Limited	100.00	Y	88,082	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,299,230	—
YXII	YXP	100.00	Y	72,067,043	—

(2) The deemed interest in 1,769,192,773 Units were held through Dragon Yield and YXII, both are 100% owned subsidiaries of YXP.

(3) The number of units includes 733,280,494 deferred units. Commencing from 31 December 2016, Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to Yuexiu Property (or YXP Nominee) at an issue price of HK\$4.00 per unit. Further details are included in the circular dated 30 June 2012 and announcement dated 27 September 2012 of Yuexiu REIT.

(4) After deducting the unissued deferred units, the approximate interest held by GZYG and Yue Xiu will be approximately 37.13%, while the approximate interest in Yuexiu REIT held by YXP, Dragon Yield and YXII will be approximately 36.80%.

Connected Party Transactions

Holdings of Senior Executives of the Manager

Interests in the Units held by senior executives of the Manager, being connected persons of Yuexiu REIT, are set out below:

Name of Senior Executive	Nature of interest	As at 1 January 2015		As at 30 June 2015		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Cheng Jiuzhou	Personal	480	0.000017%	480	0.000017%	–
Mr. Liao Ningjun	Personal	1,250	0.000045%	1,250	0.000044%	(0.000001%)
Ms. Chen Huiqing	Personal ⁽¹⁾	510	0.000018%	510	0.000018%	–
Ms. Ou Haijing	Personal	1,000	0.000036%	1,000	0.000036%	–
Mr. Liu Bihong	Personal	225	0.000008%	225	0.000008%	–

⁽¹⁾ 255 units held by spouse

Holdings of Other Connected Person

Name	Nature of interest	As at 1 January 2015		As at 30 June 2015		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Trustee	Deemed ⁽¹⁾	437,040	0.0156%	200,000	0.0071%	(0.0085%)

⁽¹⁾ Associated company of the trustee (as defined in the REIT Code) were beneficially interested in such units as at 30 June 2015.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Vigers, holding any Units as at 30 June 2015.

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF YUEXIU REIT ASSET MANAGEMENT LIMITED
(AS THE "MANAGER" of YUEXIU REAL ESTATE INVESTMENT TRUST)

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 80, which comprises the interim condensed consolidated balance sheet of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statement of comprehensive income, distribution statement, interim condensed consolidated statement of net assets attributable to unitholders and changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Manager are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Interim Financial Information

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 July 2015

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	6	790,391	745,044
Operating expenses	7	(473,630)	(449,310)
Fair value gains on investment properties	14	434,589	211,923
Finance income	9	26,713	48,442
Finance expenses	10	(174,708)	(221,505)
Profit before income tax and transactions with unitholders		603,355	334,594
Income tax expense	11	(58,327)	(79,712)
Profit after income tax before transactions with unitholders		545,028	254,882
Transactions with unitholders		(590,765)	(278,356)
Loss after income tax after transactions with unitholders		(45,737)	(23,474)
Other comprehensive income for the period			
<u>Items that will not be reclassified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
– Gross		66,169	34,722
– Tax		(18,532)	(9,713)
Other comprehensive income for the period, net of tax		47,637	25,009
Total comprehensive income for the period		1,900	1,535

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Attributable to				Total RMB'000
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (Note 25) RMB'000	Unitholders after transactions with unitholders RMB'000	Non- controlling interests RMB'000	
Profit/(loss) for the period ended 30 June 2014	253,607	(278,356)	(24,749)	1,275	(23,474)
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	24,749	—	24,749	260	25,009
Total comprehensive income/(loss) for the period ended 30 June 2014	278,356	(278,356)	—	1,535	1,535
Profit/(loss) for the period ended 30 June 2015	543,624	(590,765)	(47,141)	1,404	(45,737)
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	47,141	—	47,141	496	47,637
Total comprehensive income/(loss) for the period ended 30 June 2015	590,765	(590,765)	—	1,900	1,900

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, and third supplemental deed on 25 July 2012 (the "Trust Deed"), Yuexiu REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial period. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash dividends and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders' funds are disclosed in the consolidated balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement.
- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders to unitholders and the average number of units in issue, is presented in Note 26.

The notes on pages 50 to 80 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	12	2,384,350	2,369,494
Land use rights	13	1,552,467	1,577,109
Investment properties	14	19,753,500	19,299,000
Deferred assets	15	161,846	175,670
Goodwill	16	160,324	160,324
Top-up payment asset, non-current portion	17	76,644	118,448
		24,089,131	23,700,045
Current assets			
Inventories		4,827	4,438
Trade receivables	18	10,291	11,564
Amount due from related parties	27	335,554	531,855
Tax recoverable		1,108	1,160
Prepayments, deposits and other receivables	19	35,132	31,368
Top-up payment asset, current portion	17	82,593	82,721
Short-term bank deposits	20	7,169	13,153
Cash and cash equivalents	20	655,543	986,300
		1,132,217	1,662,559
Total assets		25,221,348	25,362,604
Current liabilities			
Trade payables	22	12,871	14,518
Rental deposits, current portion	23	86,563	131,172
Receipts in advance	23	61,125	59,674
Accruals and other payables	23	778,882	1,003,370
Amounts due to related parties	27	65,877	69,371
Borrowings	24	–	300,000
		1,005,318	1,578,105

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	23	168,238	113,281
Receipts in advance	23	24,404	25,638
Borrowings	24	7,809,199	7,809,396
Deferred tax liabilities	21	2,678,462	2,607,530
		10,680,303	10,555,845
Total liabilities, other than net assets attributable to unitholders		11,685,621	12,133,950
Net assets attributable to unitholders	25	13,447,127	13,141,954
Total liabilities		25,132,748	25,275,904
Net assets		88,600	86,700
Equity			
Revaluation reserve		248,670	201,529
Retained earnings		(248,670)	(201,529)
		—	—
Non-controlling interests		88,600	86,700
Total equity		88,600	86,700
Net current assets		126,899	84,454
Total assets less current liabilities		24,216,030	23,784,499
Units in issue ('000)	25	2,815,277	2,799,796
Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)	25	RMB4.78	RMB4.69
Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)	25	RMB4.02	RMB3.93

The notes on pages 50 to 80 are an integral part of this condensed consolidated interim financial information.

Distribution Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Profit after income tax before transactions with unitholders attributable to unitholders		543,624	253,607
Adjustments for the total distributable income (i)			
– Fair value gains on investment properties (iii)		(434,589)	(211,923)
– Deferred taxation in respect of fair value gain on investment properties charged to profit or loss		31,598	38,387
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		(137,237)	(118,691)
– Foreign exchange gain on financing activities		(2,923)	–
Total distributable income		473	(38,620)
Additional items (ii)			
– Cash received and/or receivable according to the Deed of Top-up Payments		38,093	66,178
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		137,237	118,691
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards ("HKFRS")		75,975	74,427
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		38,630	33,436
– Manager's fee paid and payable in units in lieu of cash		47,571	47,244
– Interest income from top-up payment asset		(2,697)	(3,337)
– Fair value loss/(gain) on top-up payment asset		6,407	(14,178)
– Foreign exchange loss on financing activities		–	40,245
Distributable income after additional items		341,689	324,086
Distributable amount at 1 January		338,835	320,053
Distribution paid during the period (iv)	25	(338,775)	(319,996)
Interim distribution declared (v)		341,749	324,143
Distribution per unit, declared (v)		RMB0.1213	RMB0.1163

Distribution Statement

For the six months ended 30 June 2015

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant period.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) For the six months period ended 30 June 2015, an additional distribution for the non-cash fair value loss of approximately RMB18,500,000 of certain investment property will be made using the existing cash resources of the Group.
- (iv) A distribution of RMB0.1203 per unit, totaling RMB319,996,000 (equivalent to HK\$405,217,000), was paid to unitholders on 13 May 2015.
- (v) An interim distribution in respect of the six months ended 30 June 2015 of RMB0.1213 (equivalent to HK\$ 0.1537) per unit, totaling RMB341,749,000 (equivalent to HK\$ 432,708,000) was declared by the Board of the Manager on 28 July 2015.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2015 as disclosed in Note 25.

The notes on pages 50 to 80 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Net Assets Attributable to Unitholders and Changes in Equity

For the six months ended 30 June 2015

	Net assets attributable to unitholders RMB'000	Equity			Total RMB'000
		Retained earnings RMB'000	Revaluation reserve RMB'000	Non-controlling interests RMB'000	
At 1 January 2014	12,669,468	(112,403)	112,403	83,300	12,752,768
Issuance of units	54,540	—	—	—	54,540
Profit/(loss) for the period attributable to:					
– Unitholders	278,356	—	—	—	278,356
– Equity holders	—	(24,749)	—	1,275	(23,474)
Distributions paid to unitholders	(319,996)	—	—	—	(319,996)
Change in fair value of property, plant and equipment, net of tax	—	—	24,749	260	25,009
At 30 June 2014	12,682,368	(137,152)	137,152	84,835	12,767,203
At 1 January 2015	13,141,954	(201,529)	201,529	86,700	13,228,654
Issuance of units	53,183	—	—	—	53,183
Profit/(loss) for the period attributable to:					
– Unitholders	590,765	—	—	—	590,765
– Equity holders	—	(47,141)	—	1,404	(45,737)
Distributions paid to unitholders	(338,775)	—	—	—	(338,775)
Change in fair value of property, plant and equipment, net of tax	—	—	47,141	496	47,637
At 30 June 2015	13,447,127	(248,670)	248,670	88,600	13,535,727

The notes on pages 50 to 80 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	380,918	431,723
Interest paid	(157,997)	(173,005)
Corporate income tax paid	(5,875)	(5,547)
Top-up payment received	38,221	61,844
Net cash generated from operating activities	255,267	315,015
Cash flows from investing activities		
Additions of investment properties	(19,911)	(7,077)
Additions of property, plant and equipment	(20)	(57)
Interest received	21,093	30,927
Increase/(decrease) in short-term bank deposits with original maturity of more than three months	5,984	(15,076)
Net cash generated from investing activities	7,146	8,717
Cash flows from financing activities		
Distribution paid	(338,775)	(319,996)
Repayment of borrowings	(615,000)	(345,000)
Proceeds from borrowings, net of transaction costs	307,422	158,514
Issuance of units	53,183	54,540
Net cash used in financing activities	(593,170)	(451,942)
Net decrease in cash and cash equivalents	(330,757)	(128,210)
Cash and cash equivalents at beginning of the period	986,300	639,786
Cash and cash equivalents at end of the period	655,543	511,576

The notes on pages 50 to 80 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (together, the "Group") are mainly engaged in the leasing of commercial properties in Mainland China ("China").

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager"), and HSBC Institutional Trust Services (Asia) Limited, as the Trustee of Yuexiu REIT (the "Trustee") on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010 and Third Supplemental Deed dated 25 July 2012) (the "Trust Deed") and authorised under section 104 of the Securities and Futures Ordinance ("SFO") subject to the applicable conditions imposed by Securities and Futures Commission ("SFC") from time to time. The address of its registered office is 24/F, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Manager on 28 July 2015.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with HKFRS.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES (Continued)

- (a) New standards and amendments, revisions and interpretation to existing standards effective in 2015

The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2015:

HKAS 19 (Amendment)	Employee benefits
Annual improvements 2010-2012 cycle	Improvements to HKFRSs
Annual improvements 2011-2013 cycle	Improvements to HKFRSs

The adoption of these amended standards and interpretation did not result in any significant impact on the results and financial position of the Group.

- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1st January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1st January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1st January 2016
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception	1st January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
Annual improvements 2012-2014 cycle	Improvements to HKFRSs	1st January 2016

The directors of the Manager anticipate that the adoption of these standards, amendments to standards and interpretations would not result in any significant impact on the results and financial position of the Group. The Group will adopt the above new standards, amendments to standards and interpretations when they become effective.

Notes to the Condensed Consolidated Interim Financial Information

4 SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management policies since the last year end.

6 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Manager. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of hotel and serviced apartments, office rental and wholesale and shopping mall.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the condensed consolidated financial information.

Total reportable segments' assets excluded taxation recoverable and corporate assets. Corporate assets are not directly attributable to segments.

Notes to the Condensed Consolidated Interim Financial Information

6 REVENUE AND SEGMENT INFORMATION (Continued)

The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the interim widened consolidated statement of comprehensive income.

	Hotel and serviced apartments RMB'000	Office rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
Period ended 30 June 2015				
Revenue from external customers	236,038	323,711	230,642	790,391
Segment results	62,605	435,381	323,302	821,288
Depreciation and amortisation	75,025	950	–	75,975
Fair value gain on investment properties	–	280,103	154,486	434,589
Period ended 30 June 2014				
Revenue from external customers	201,339	309,154	234,551	745,044
Segment results	37,209	354,076	178,408	569,693
Depreciation and amortisation	73,421	1,006	–	74,427
Fair value gain on investment properties	–	150,291	61,632	211,923
As at 30 June 2015				
Total reportable segments' assets	4,379,627	11,593,611	9,012,612	24,985,850
As at 31 December 2014				
Total reportable segments' assets	4,667,646	11,728,693	8,781,354	25,177,693

A reconciliation of total segment results to total profit before income tax and transactions with unitholders is provided as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Segment results	821,288	569,693
Unallocated operating costs (Note)	(69,938)	(62,036)
Operating profit	751,350	507,657
Finance income	26,713	48,442
Finance expenses	(174,708)	(221,505)
Profit before income tax and transactions with unitholders	603,355	334,594

Note: Unallocated operating costs include mainly asset management fee, legal and professional expenses and other operating expenses.

Notes to the Condensed Consolidated Interim Financial Information

6 REVENUE AND SEGMENT INFORMATION (Continued)

A reconciliation of reportable segments' assets to total assets is provided as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Total reportable segments' assets	24,985,850	25,177,693
Tax recoverable	1,108	1,160
Corporate assets	234,390	183,751
Total assets	25,221,348	25,362,604

	Revenue Unaudited Six months ended 30 June		Total assets	
	2015 RMB'000	2014 RMB'000	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
China	790,391	745,044	24,985,850	25,177,693
Unallocated assets			235,498	184,911
			25,221,348	25,362,604

There has been no material change in total liabilities from the amount disclosed in the last annual financial statements.

The Group's revenue by nature is as follows:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Hotel and serviced apartments operations		
Room rentals	133,869	113,250
Food and beverages	94,606	80,332
Property rentals	554,353	533,705
Others	7,563	17,757
	790,391	745,044

Notes to the Condensed Consolidated Interim Financial Information

7 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Property management fee (i)	17,581	15,913
Employee benefit expense	58,153	59,757
Real estate tax	74,555	74,018
Business tax, urban construction and maintenance tax, education surcharge and local education surcharge	47,066	45,014
Withholding tax (ii)	30,383	27,034
Depreciation of property, plant and equipment	51,333	49,785
Amortisation of land use rights	24,642	24,642
Cost of inventories sold or consumed in operation	66,259	51,209
Other direct expenses on hotel and serviced apartments	24,977	30,620
Manager's fee (Note 8)	52,857	49,731
Trustee's fee	3,804	3,682
Valuation fee	618	396
Legal and professional fee	10,696	6,450
Auditor's remuneration	1,625	1,498
Bank charges	374	356
Others	8,707	9,205
Total operating expenses	473,630	449,310

Note:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents in Guangzhou, namely, Guangzhou Yicheng Property Management Ltd., Guangzhou White Horse Property Management Co., Ltd. and Guangzhou Yuexiu Asset Management Company Limited.
- (ii) Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

Notes to the Condensed Consolidated Interim Financial Information

8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property and a service fee of 3% per annum of net property income, as defined in the Trust Deed.

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Manager's fee:		
In the form of units	47,571	47,244
In the form of cash	5,286	2,487
	52,857	49,731

Pursuant to the circular of Yuexiu REIT dated 30 June 2012, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017 will be paid in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the period ended 30 June 2015 are expected to be issued on 12 August 2015. Also in accordance with the Trust Deed, the issue price of the units (and consequentially the number of units to be issued to the Manager) will be calculated based on the higher of (i) the closing price of the units on the trading day immediately preceding 12 August 2015 and (ii) the average closing price of the units in the 10 trading days immediately preceding 12 August 2015.

9 FINANCE INCOME

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest income from bank deposits	4,755	3,178
Interest income from a related company	16,338	27,749
Interest income from top-up payment asset	2,697	3,337
Fair value gain on top-up payment asset	–	14,178
Foreign exchange gain on financing activities	2,923	–
	26,713	48,442

Notes to the Condensed Consolidated Interim Financial Information

10 FINANCE EXPENSES

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest expense for bank borrowings	125,011	140,002
Interest expense for other borrowings	32,986	33,003
Amortisation of transaction costs for borrowings	10,304	8,255
Fair value loss on top-up payment asset	6,407	–
Foreign exchange loss on financing activities	–	40,245
	174,708	221,505

11 INCOME TAX EXPENSE

For the subsidiaries incorporated and operate in China, they are subject to China corporate income tax at a rate of 25% under Corporate Income Tax Law of China.

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 7(ii).

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong.

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax		
– China corporate income tax	5,682	5,145
– Under-provision in prior years	245	331
Deferred income tax (Note 21)	52,400	74,236
	58,327	79,712

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
Six months ended 30 June 2014				
Opening net book amount as at 1 January 2014	2,335,000	280	7,004	2,342,284
Additions	57	–	–	57
Depreciation	(48,779)	(69)	(937)	(49,785)
Fair value gain on revaluation	34,722	–	–	34,722
Closing net book amount as at 30 June 2014	2,321,000	211	6,067	2,327,278
Six months ended 30 June 2015				
Opening net book amount as at 1 January 2015	2,364,217	148	5,129	2,369,494
Additions	20	–	–	20
Depreciation	(50,406)	(40)	(887)	(51,333)
Fair value gain on revaluation	66,169	–	–	66,169
Closing net book amount as at 30 June 2015	2,380,000	108	4,242	2,384,350
At 30 June 2015				
At fair value	2,380,000	–	–	2,380,000
At cost	–	108	4,242	4,350
	2,380,000	108	4,242	2,384,350

If hotel and serviced apartments had not been revalued, it would have been included in these condensed consolidated interim financial information at historical cost less accumulated depreciation of RMB2,031,394,000 (31 December 2014: RMB2,083,962,000).

As at 30 June 2015, property, plant and equipment with an aggregate carrying amount of RMB2,110 million (31 December 2014: RMB2,364 million) were pledged as collateral for the Group's bank borrowings (Note 24).

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

The following table analyses the property, plant and equipment carried at fair value, by valuation method:

	RMB'000
Opening balance	2,364,217
Additions	20
Depreciation	(50,406)
Unrealised gains recognised in reserve	66,169
Closing balance	2,380,000
Changes in unrealised gains or losses for the period included in other comprehensive income at the end of the period	66,169

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments was revalued by Vigers Appraisal and Consulting Limited, independent qualified valuer not related to the Group at 30 June 2015 and 31 December 2014.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair value of hotel and serviced apartments in China is generally derived using the discounted cash flow analysis. Breakdown of the fair values of both hotel and serviced apartments portions of Guangzhou International Finance Center ("Guangzhou IFC") into land element and building element is required. Fair values of the land and building elements are assessed using the discounted cash flow analysis and depreciated replacement cost method.

In the course of discounted cash flow analysis, both income and expenses over the coming ten years from the date of valuation are itemised and projected annually taking into account the rental revenue, associated revenues and the expected growth of income and expenses. The net cash flow over the ten-year period is discounted at an appropriate rate of return.

The net cash flow from eleventh year onwards to the expiry date of the land use rights from the government under which both portions are held is capitalised at a market yield expected for the particular type of property investment in the market.

There were no changes to the valuation techniques during the period.

Significant inputs used to determine fair value

Discount rates are estimated by Vigers Appraisal and Consulting Limited for 30 June 2015 and 31 December 2014 based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value.

Prevailing market rents are estimated based on recent lettings for hotel and serviced apartments in China, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

The adopted valuation assumptions under the discounted cash flow analysis are summarised as follows:

As at 30 June 2015

	Unit Rate/day (RMB)	Discount Rate (%)	Stabilised Occupancy Rate (%)
Hotel	2,010	8.0	75.0
Serviced apartments	1,005	7.5	90.0

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Significant inputs used to determine fair value (Continued)

As at 31 December 2014

	Unit Rate/day (RMB)	Discount Rate (%)	Stabilised Occupancy Rate (%)
Hotel	2,000	8.0	75.0
Serviced apartments	950	7.5	90.0

13 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Beginning of the period	1,577,109	1,626,394
Amortisation	(24,642)	(24,642)
End of the period	1,552,467	1,601,752

The Group's land use rights at their net book amounts are analysed as follows:

	30 June 2015 RMB'000	30 June 2014 RMB'000
In China:		
Land use rights of between 10 and 50 years	1,552,467	1,601,752

As at 30 June 2015, the fair value of land use rights is approximately RMB1,930 million (31 December 2014: RMB1,906 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2015, land use rights were pledged with an aggregate net book amount of RMB1,467 million (31 December 2014: RMB1,577 million) as collateral for the Group's bank borrowings (Note 24).

Notes to the Condensed Consolidated Interim Financial Information

14 INVESTMENT PROPERTIES

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Beginning of the period	19,299,000	18,605,000
Additions during the period	19,911	7,077
Fair value gains during the period, included in profit or loss under 'Fair value gain on investment properties'	434,589	211,923
End of the period	19,753,500	18,824,000

The investment properties are located in China and held on land use rights of 40 years to 50 years, expiring in 2045 through 2055.

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB6,136,000 (2014: RMB9,317,000) relating to investment properties that were vacant.

As at 30 June 2015, investment properties with an aggregate net book value of approximately RMB3,077 million (31 December 2014: RMB5,911 million) were pledged as collateral for the Group's bank borrowings (Note 24).

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Vigers Appraisal and Consulting Limited, independent qualified valuer not related to the Group at 30 June 2015 and 31 December 2014.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

Notes to the Condensed Consolidated Interim Financial Information

14 INVESTMENT PROPERTIES (Continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties in China are derived using both the income capitalisation method and discounted cash flow analysis.

The income capitalisation method is used to capitalise the unexpired rental income of contractual tenancies. It has also taken into account the reversionary market rent after the expiry of tenancies in capitalisation. The prevailing market rents adopted in the valuation have made reference to recent lettings and other similar comparable properties in the vicinity.

For the discounted cash flow analysis, both income and expenses over the coming ten years from the date of valuation are itemised and projected annually taking into account the current rental revenue and the expected growth of income and expenses of each of the properties. The net cash flow over the ten-year period is discounted at an appropriate rate of return.

The net cash flow from eleventh year onwards to the expiry date of the land use rights from the government under which each of the properties is held is capitalised at a market yield expected for the particular type of property investment in the market.

There were no changes to the valuation techniques during the period.

Significant inputs used to determine fair value

Capitalisation and discount rates are estimated by Vigers Appraisal and Consulting Limited for 30 June 2015 and 31 December 2014 based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents are estimated based on recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Notes to the Condensed Consolidated Interim Financial Information

14 INVESTMENT PROPERTIES (Continued)

Significant inputs used to determine fair value (Continued)

The adopted monthly market unit rents and capitalisation rates used in the income capitalisation method are summarised as follows:

As at 30 June 2015

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	98 to 260	5.00% to 8.00%
Retail	61 to 1,207	5.25% to 8.50%

As at 31 December 2014

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	94 to 260	5.00% to 8.00%
Retail	58 to 1,250	5.25% to 8.50%

Notes to the Condensed Consolidated Interim Financial Information

14 INVESTMENT PROPERTIES (Continued)

Significant inputs used to determine fair value (Continued)

The adopted valuation assumptions in discounted cash flow analysis are summarised as follows:

As at 30 June 2015

	Monthly Market Unit Rent (RMB per sq.m.)	Discount Rate	Stabilised Occupancy Rate
Office	98 to 260	7.25% to 9.25%	90.00% to 99.00%
Retail	61 to 1,207	7.50% to 9.50%	95.00% to 99.48%

As at 31 December 2014

	Monthly Market Unit Rent (RMB per sq.m.)	Discount Rate	Stabilised Occupancy Rate
Office	94 to 260	7.25% to 9.50%	90.00% to 99.00%
Retail	58 to 1,250	7.50% to 9.80%	95.00% to 99.50%

15 DEFERRED ASSETS

Rental income is recognised on an accrual basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets. Deferred assets which are expected to be realised twelve months after the balance sheet date are classified as non-current assets. The deferred assets are denominated in RMB.

Notes to the Condensed Consolidated Interim Financial Information

16 GOODWILL

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Net book amount	160,324	160,324
Cost	160,324	160,324
Accumulated impairment	—	—
	160,324	160,324

17 TOP-UP PAYMENT ASSET

During 2012, the Group acquired Guangzhou IFC from Yuexiu Property Company Limited ("YXP"). Pursuant to the acquisition, YXP agreed to provide income support to Yuexiu REIT for the period from 1 July 2012 until 31 December 2016 for the hotel and serviced apartments business. The top-up payment is the shortfall of actual gross operating profits ("GOP") and the guaranteed GOP of hotel and serviced apartments.

Top-up payment asset is recognised as financial assets in Yuexiu REIT, which is denominated in RMB. The fair value of the balance approximates its carrying amount.

It is initially recognised at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cash flows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 2.2% per annum. Top-up payment asset is subsequently carried at amortised cost using the effective interest method. The expected future cash flows is under revision regularly.

The carrying amount of top-up payment asset will be adjusted to reflect the actual and revised estimated cash flows, by computing the present value of estimated future cash flows at the original effective interest rate. The adjustment is recognised in "finance income" or "finance expenses".

The top-up payment received/receivable for the six months ended 30 June 2015 was RMB38,093,000 (2014: RMB66,178,000).

Notes to the Condensed Consolidated Interim Financial Information

18 TRADE RECEIVABLES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade receivables	10,291	11,564

The fair values of trade receivables approximate their carrying amounts.

The credit terms of the Group are generally within three months. The ageing analysis of trade receivables is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
0 - 30 days	4,307	10,031
31 - 90 days	5,221	967
91 - 180 days	–	566
181 - 365 days	763	–
	10,291	11,564

Majority of the Group's trade receivables are denominated in RMB.

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables mainly represents prepaid business tax and deposits for utilities. The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

All prepayments, deposits and other receivables are denominated in RMB.

Notes to the Condensed Consolidated Interim Financial Information

20 SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

As at 30 June 2015, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB523,889,000 (31 December 2014: RMB786,480,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of short-terms bank deposits and cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The remaining balances of short-term bank deposits and cash and cash equivalents are denominated in Hong Kong dollar and United States dollar.

The carrying amounts of short-term bank deposits and cash and cash equivalents approximate their fair values.

21 DEFERRED TAX LIABILITIES

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Beginning of the period	2,607,530	2,406,333
Deferred taxation charged to profit or loss (Note 11)	52,400	74,236
Deferred taxation charged to reserve	18,532	9,713
End of the period	2,678,462	2,490,282

Notes to the Condensed Consolidated Interim Financial Information

22 TRADE PAYABLES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade payables	12,871	14,518

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
0 - 30 days	11,581	10,991
31 - 90 days	953	2,680
91 - 180 days	337	844
181 - 365 days	—	3
	12,871	14,518

Majority of the Group's trade payables are denominated in RMB.

Notes to the Condensed Consolidated Interim Financial Information

23 RENTAL DEPOSITS, RECEIPTS IN ADVANCE AND ACCRUALS AND OTHER PAYABLES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Rental deposits		
Current portion	86,563	131,172
Non-current portion	168,238	113,281
	254,801	244,453
Receipts in advance		
Current portion	61,125	59,674
Non-current portion	24,404	25,638
	85,529	85,312
Provision for withholding tax payable	7,214	6,801
Provision for business tax, urban construction and maintenance tax, education surcharge and local education surcharge	2,834	5,362
Construction fee payable	685,032	873,161
Accruals for operating expenses	83,802	118,046
Accruals and other payables	778,882	1,003,370
	1,119,212	1,333,135

The carrying amounts of rental deposits, receipts in advance and other payables approximate their fair values. Majority of the Group's rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

Notes to the Condensed Consolidated Interim Financial Information

24 BORROWINGS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Current portion of long term borrowings, secured	–	300,000
Long-term borrowings		
Bank borrowings		
– Secured	2,675,000	3,290,000
– Unsecured	3,009,572	2,695,488
Other borrowings, unsecured (Note)	2,124,627	2,123,908
	7,809,199	8,109,396
Less: current portion of long-term borrowings	–	(300,000)
Total long-term borrowings	7,809,199	7,809,396
Analysed into:		
Unsecured	5,134,199	4,819,396
Secured	2,675,000	3,290,000
	7,809,199	8,109,396

Notes to the Condensed Consolidated Interim Financial Information

24 BORROWINGS (Continued)

Bank borrowings of the Group are guaranteed on a joint and several basis¹ and also secured by the following:

- certain parts of Guangzhou IFC amounting to RMB6,654 million;
- present and future assets (including but not limited to: (a) a charge over any interest-bearing accounts (the "Charged Accounts"), (b) a floating charge over all assets, (c) an assignment of dividends and all other revenue generated) of Yuexiu REIT 2012 Company Limited ("REIT 2012"), Tower Top Development Ltd. ("Tower Top"), BVI Holdcos² and HK Holdcos³, subsidiaries of the Group;
- all right, title and interest in all present and future loans of REIT 2012, Tower Top, BVI Holdcos² and HK Holdcos³;

¹ A syndicated loan amounting to RMB2,675 million is jointly and severally guaranteed by Guangzhou City Construction and Development Co., Ltd., Guangzhou Charcon Real Estate Co., Ltd. and Guangzhou City Construction and Development Group Co., Ltd. with an effective period expiring on the date two years after full repayment of the syndicated loan. A syndicated loan amounting to RMB2,232 million is jointly and severally guaranteed by Tower Top, BVI Holdcos² and HK Holdcos³.

² "BVI Holdcos" include Bliss Town Holdings Ltd., Hoover Star International Ltd., Miller Win Group Ltd. and Shinning Opal Management Ltd.

³ "HK Holdcos" include Ever Joint Investment International Limited, Long Grace Holdings Limited, Profit Link Investment International Limited and San Bright Holdings Limited.

Note:

On 14 May 2013, Yuexiu REIT MTN Company Limited, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$350 million principal amount of 3.10% notes due 2018 (the "USD Bond") to investors under the US\$1 billion guaranteed medium term note programme established on 21 March 2013 pursuant to the subscription agreement dated 7 May 2013. All of the USD Bond remained outstanding at 30 June 2015.

Notes to the Condensed Consolidated Interim Financial Information

25 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Beginning of the period	13,141,954	12,669,468
Issuance of units	53,183	54,542
Transfer from the statement of comprehensive income	590,765	278,356
Distribution paid during the period	(338,775)	(319,996)
End of the period	13,447,127	12,682,370

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Net assets attributable to existing unitholders	11,317,546	10,552,789
Net assets attributable to deferred unitholder (Note)	2,129,581	2,129,581
	13,447,127	12,682,370

Note:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP certain number of units starting from 31 December 2016. The number of units to be issued each year will be limited to the maximum number of units that may be issued to YXP which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. The outstanding deferred units at 30 June 2015 were 733,280,000 units (31 December 2014: 733,280,000 units).

Notes to the Condensed Consolidated Interim Financial Information

25 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

The movement of units is as below:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Beginning of the period	2,799,796	2,766,698
Units issued during the period (Note)	15,481	18,296
End of the period	2,815,277	2,784,994

Note:

During the period, 15,481,000 units were issued for the payment of manager's fee for the period from 1 July 2014 to 31 December 2014. In 2014, 33,098,000 units were issued for the payment of manager's fee for the year.

26 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

(a) Basic

Basic earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the profit after income tax before transactions with unitholders attributable to unitholders by the weighted average number of units in issue during the period.

	Unaudited Six months ended 30 June	
	2015	2014
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	543,624	253,607
Weighted average number of units in issue ('000)	2,807,921	2,776,301
Basic earnings per unit (RMB)	0.19	0.09

Notes to the Condensed Consolidated Interim Financial Information

26 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS (Continued)

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2015.

	Unaudited	
	Six months ended 30 June	
	2015	2014
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	543,624	253,607
Weighted average number of units in issue ('000)	2,807,921	2,776,301
Adjustments for deferred units ('000)	733,280	733,280
Adjustments for manager's fee in form of units ('000)	14,127	15,869
Weighted average number of units for diluted earnings per unit ('000)	3,555,328	3,525,450
Diluted earnings per unit (RMB)	0.15	0.07

27 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 30 June 2015, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 37% of Yuexiu REIT's units. The remaining approximately 63% of the units are widely held.

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 30 June 2015:

Connected/related companies

Relationship with Yuexiu REIT

Yuexiu Property Company Limited ("YXP") ¹	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") ¹	A subsidiary of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") ¹	A subsidiary of YXP
Guangzhou Yicheng Property Management Ltd. ("Yicheng") ¹	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV") ¹	A subsidiary of YXP

Notes to the Condensed Consolidated Interim Financial Information

27 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Connected/related companies	Relationship with Yuexiu REIT
Guangzhou White Horse Property Management Co., Ltd. ("White Horse PM") ¹	A subsidiary of YXP
Guangzhou City Construction & Development Xingye Property Agent Ltd. ("Xingye") ¹	A subsidiary of YXP
Guangzhou City Construction and Development Co. Ltd. ("GCCD") ¹	A subsidiary of YXP
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") ¹	A major shareholder of YXP
Guangzhou Yuexiu Holdings Limited ("GZYX") ¹ 廣州越秀企業集團有限公司	Immediate holding company of Yue Xiu A subsidiary of GZYX
Guangzhou City Construction and Development Group Co., Ltd. ¹	A subsidiary of GZYX
Golden Eagle Asset Management Co. Ltd. ("Golden Eagle") ¹	A subsidiary of GZYX
Guangzhou Grandcity Development Ltd. ¹	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang La Salle Property Services Co., Ltd. ("GZ JLL") ¹ 廣州廣證恒生證券研究所有限公司 ¹ 廣州穗橋發展有限公司 ¹	A subsidiary of GZYX A subsidiary of GZYX
Guangzhou Securities Company Limited ¹	A subsidiary of GZYX
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. ¹	A subsidiary of GZYX
Guangzhou Yuexiu Financial Leasing Co., Ltd. ¹ 廣州越秀金融家俱樂部有限公司 ¹	A subsidiary of GZYX A subsidiary of YXP
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ¹ 廣州越秀小額貸款有限公司 ¹	A subsidiary of GZYX A subsidiary of GZYX
Beijing Jones Lang La Salle Property Management Services Company Limited, Guangzhou Branch ("Beijing JLL") ¹	A subsidiary of GZYX
廣州越通公路運營管理有限公司 ¹	A subsidiary of GZYX
廣州越鵬信息有限公司 ¹	A subsidiary of GZYX
Yuexiu (China) Transport Infrastructure Investment Company Limited ¹	A subsidiary of GZYX
Guangzhou Paper Group Ltd. ¹	A subsidiary of GZYX
Chong Hing Bank Limited Guangzhou Sub-Branch ("Chong Hing Guangzhou") ¹	A subsidiary of GZYX
Guangzhou Building Materials Enterprise Group Co., Ltd. ¹ 廣州鈦白粉廠 ¹	A subsidiary of GZYX A subsidiary of GZYX
HSBC Institutional Trust Services (Asia) Limited (the "Trustee")	The Trustee of Yuexiu REIT
Vigers Appraisal and Consulting Limited (the "Incumbent Valuer")	The current principal valuer of Yuexiu REIT
Savills Valuation and Professional Services Limited (the "Former Valuer")	The former principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee

¹ These connected companies are also considered as related companies of the Group, transactions and balances carried out with these related companies are disclosed in notes (a) and (b) below.

Notes to the Condensed Consolidated Interim Financial Information

27 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The following transactions and balances were carried out with connected companies and related companies:

(a) Transactions with connected/related companies

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Manager's fee paid/payable to the Manager (ii)	(52,857)	(49,731)
Management fee paid/payable to Yicheng	(5,134)	(4,692)
Management fee paid/payable to White Horse PM	(5,887)	(5,332)
Management fee paid/payable to GZ AM	(6,560)	(5,889)
Rental income received/receivable from Xingye	2,772	2,851
Rental income received/receivable from Yicheng	1,265	1,265
Rental income received/receivable from GCCD	15,441	16,846
Rental income received/receivable from White Horse JV	600	600
Rental income received/receivable from Golden Eagle	2,256	2,256
Rental income received/receivable from GZYX	—	16,460
Rental income received/receivable from 廣州越秀企業集團有限公司	16,059	—
Rental income received/receivable from Guangzhou Grandcity Development Ltd.	9,524	10,399
Rental income received/receivable from 廣州廣證恒生證券研究所有限公司	1,723	1,443
Rental income received/receivable from 廣州穗橋發展有限公司	308	280
Rental income received/receivable from Guangzhou Securities Company Limited	12,214	9,892
Rental income received/receivable from Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	1,526	1,396
Rental income received/receivable from GZ JLL	7,035	7,122
Rental income received/receivable from Guangzhou Yuexiu Financial Leasing Co., Ltd.	3,007	2,664
Rental income received/receivable from GZ AM	4,691	2,803
Rental income received/receivable from 廣州越秀金融家俱樂部有限公司	—	2,794
Rental income received/receivable from Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	3,751	2,337
Rental income received/receivable from 廣州越通公路運營管理有限公司	401	364
Rental income received/receivable from 廣州越鵬信息有限公司	409	372
Rental income received/receivable from Yuexiu (China) Transport Infrastructure Investment Company Limited	3,456	2,555
Rental income received/receivable from 廣州越秀小額貸款有限公司	329	329
Rental income received/receivable from Beijing JLL	619	619
Rental income received/receivable from Guangzhou Paper Group Ltd.	143	—

Notes to the Condensed Consolidated Interim Financial Information

27 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Transactions with connected/related companies (Continued)

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Rental income received/receivable from Guangzhou Building Materials Enterprise Group Co., Ltd.	143	—
Rental income received/receivable from 廣州鈦白粉廠	143	—
Rental income received/receivable from Chong Hing Guangzhou	1,696	—
Naming right income received/receivable from YXP	—	10,000
Interest income received/receivable from GCCD	16,338	27,749
Trustee's fee paid/payable to the Trustee	(3,804)	(3,682)
Valuation fee paid/payable to the Current Valuer	(618)	—
Valuation fee paid/payable to the Former Valuer	—	(396)
Transactions with the HSBC Group		
- Interest expense paid/payable to the HSBC Group	(3,458)	(2,697)

Notes:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreement governing the transactions.
- (ii) The Manager's fee is calculated as the aggregate of a base fee of 0.3% per annum of the value of the deposited property, as defined in the Trust Deed and a service fee of 3% per annum of net property income, as defined in the Trust Deed (Note 8).

Notes to the Condensed Consolidated Interim Financial Information

27 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Balances with related companies

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Amount due from GCCD (i)	335,554	531,855
Amount due to Yicheng	(906)	(941)
Amount due to White Horse PM	(1,009)	(1,344)
Amount due to the Manager	(52,857)	(55,983)
Amount due to GZ AM	(1,105)	(1,103)
Amount due to Guangzhou City Construction and Development Group Co., Ltd.	(10,000)	(10,000)
Rental deposits from related companies (ii)	(29,662)	(29,252)

Except for an amount due from GCCD of approximately RMB320 million (31 December 2014: RMB508 million) which is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable, all other balances with related companies are unsecured, interest-free, repayable on demand and reasonable approximation to their fair values. All the balances are denominated in RMB, except for the amount due to the Manager which is denominated in HK\$.

Notes:

- (i) Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction cost related to the construction of Guangzhou IFC. On 7 May 2012, an initial amount of RMB1,293 million was transferred to GCCD by Tower Top. The receivable balance of RMB336 million (31 December 2014: RMB532 million) as at period end represents the initial amount transferred to GCCD less the settlement of construction payable. The remaining amount will be paid to GCCD when the receivable balance is less than or equal to RMB100 million.
- (ii) Rental deposits from related companies are included as rental deposits in the condensed consolidated balance sheet.

(c) Key management compensation

There was no key management compensation for the period ended 30 June 2015 (2014: nil).

Notes to the Condensed Consolidated Interim Financial Information

28 CAPITAL COMMITMENTS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	18,863	15,137
Authorised but not contracted for	11,088	40,841
	29,951	55,978

29 FUTURE MINIMUM RENTAL RECEIVABLES

At 30 June 2015, the Group had future minimum rental receivables under non-cancellable leases as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Within one year	1,025,971	1,001,602
Between one year and five years	1,832,482	1,816,774
Over five years	277,365	502,293
	3,135,818	3,320,669

Performance Table

	Unaudited 30 June 2015	Unaudited 30 June 2014
Net assets attributable to Unitholders (RMB)	13,447,127,000	12,682,368,000
Net assets attributable to Unitholders per unit (RMB)	4.78	4.55
Equivalent to HK\$	6.06	5.74
The highest premium of the traded price to net asset value (i)	—	—
The highest discount of the traded price to net asset value (i)	HK\$2.18	HK\$2.15
Net yield per unit (ii)	5.75%	3.07%
Number of units in issue	2,815,276,784units	2,784,994,264 units

Note:

- (i) The highest premium is calculated based on the highest traded price of HK\$4.57 (2014: HK\$3.90) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the period from 1 January 2015 to 30 June 2015. The highest discount is calculated based on the lowest traded price of HK\$3.88 (2014: HK\$3.59) on the Stock Exchange during the period from 1 January 2015 to 30 June 2015. Since the highest traded price during the six months ended 30 June 2015 was HK\$4.57, which was lower than the net asset value as at 30 June 2015, no premium of the traded price to net asset value was presented for 30 June 2015.
- (ii) Net yield per unit is calculated based on profit after tax before transactions with Unitholders per unit for the period from 1 January 2015 to 30 June 2015 over the traded price of HK\$4.27 as at 30 June 2015 (2014: HK\$3.75) on the Stock Exchange.

Corporate and Investor Relations Information

BOARD OF DIRECTORS OF THE MANAGER

Executive directors

Mr Liu Yongjie (*Chairman*)
Mr Lin Deliang

Non-executive director

Mr Li Feng

Independent non-executive directors & audit committee members

Mr Chan Chi On, Derek
Mr Chan Chi Fai, Brian
Mr Cheung Yuk Tong

Responsible Officers of the Manager

Mr Liu Yongjie
Mr Lin Deliang
Mr Kwan Chi Fai

COMPANY SECRETARY OF THE MANAGER

Mr Yu Tat Fung

TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

AUDITOR OF YUEXIU REIT

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL VALUER

Vigers Appraisal and Consulting Limited

HONG KONG LEGAL ADVISOR

Baker & McKenzie

Corporate and Investor Relations Information

PRINCIPAL BANKERS OF YUEXIU REIT

DBS Bank Ltd., Hong Kong Branch
Malayan Banking Berhad Group
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited

WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

<http://www.yuexiureit.com>
<http://www.hkex.com.hk>

REGISTERED OFFICE OF THE MANAGER

24th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
22/F Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

Corporate and Investor Relations Information

LISTING EXCHANGE

Units

The Stock Exchange of Hong Kong Limited
Stock code: 00405

Bond

The Stock Exchange of Hong Kong Limited
US\$350,000,000 3.1 % Notes due 2018
Stock code: 05943

INVESTOR RELATIONS

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Manager

 **越秀房託資產管理有限公司**
YUEXIU REIT ASSET MANAGEMENT LIMITED