



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 Futures Ordinance <chapter 571 of the Laws of Hong Kong>

Stock Code : 00405



YUEXIU
REIT
2005-2021



WUHAN



SHANGHAI



HANGZHOU

VISION FOR A STEADY FORTUNE

INTERIM REPORT 2021

GREATER BAY AREA



GUANGZHOU



16 YUEXIU
REIT
2005-2021



GREATER BAY AREA





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PERFORMANCE SUMMARY

The following is a summary of Yuexiu REIT's financial results during the 2021 Interim Period and the 2020 Interim Period:

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

	Six months ended 30 June		Change Increase/ (decrease)%
	2021	2020	
Gross income	881,684,000	831,135,000	6.1%
Net property income	638,506,000	653,818,000	(2.3)%
Net profit/(loss) after tax before transactions with Unitholders	285,599,000	(212,079,000)	234.7%
Interim distribution	340,274,000	318,771,000	6.7%
Earnings/(Losses) per unit	0.0801	(0.0659)	221.5%
Distribution per unit	0.1025	0.0990	3.5%
Equivalent to HK\$	0.1233	0.1098	12.3%

	30 June 2021	31 December 2020	Change (decrease)%
Portfolio valuation	34,488,000,000	34,488,000,000	0.0%
Net assets attributable to Unitholders	14,564,303,000	14,584,563,000	(0.1)%
Net assets attributable to Unitholders per unit	4.39	4.42	(0.7)%

CHAIRMAN'S STATEMENT

DEAR UNITHOLDERS OF YUEXIU REIT,

ON BEHALF OF THE MANAGEMENT TEAM OF YUEXIU REIT ASSET MANAGEMENT LIMITED ("MANAGER"), THE 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 2021.

LIN DELIANG

Chairman



RESULTS AND DISTRIBUTION

During the first half of 2021, due to the repeated impact of the pandemic in Guangzhou, the properties of Yuexiu REIT, especially the operating results of projects in Guangzhou were affected to certain extent. However, it has effectively managed the operating risks through adopting more reasonable and targeted leasing policies, with its portfolio of premium properties and excellent efforts made by all members of the management team, and all operating indicators gradually stabilised and recovered.

CHAIRMAN'S STATEMENT

As at 30 June 2021, the eight properties currently owned by Yuexiu REIT comprised White Horse Building Units ("White Horse Building"), Fortune Plaza Units and certain Carpark Spaces ("Fortune Plaza"), City Development Plaza Units and certain Carpark Spaces ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC"), located in Guangzhou, Yue Xiu Tower ("Yue Xiu Tower"), located in Shanghai, Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan, and Hangzhou Victory Business Center Units and certain Carpark Spaces ("Hangzhou Victory"), located in Hangzhou, with a total rentable area of 632,915.1 sq.m., in which the area of ownership of maturity properties (GZIFC, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza and Yue Xiu Tower) accounted for 70.4%, and the area of ownership of growth properties (Wuhan Properties and Hangzhou Victory) accounted for 29.6%.

As at 30 June 2021, the occupancy rate of properties under Yuexiu REIT remained roughly stable, in which the overall occupancy rate of maturity properties was 94.0%, and the overall occupancy rate of growth properties was 91.5%. During 1 January 2021 to 30 June 2021 ("2021 Interim Period"), Yuexiu REIT recorded a total operating revenue of approximately RMB881,684,000. The operation of each of its properties fluctuated slightly, but was still within a reasonable range.

During 2021 Interim Period, Yuexiu REIT recorded a total distributable income of approximately RMB340,274,000 (total distributable income for the corresponding period of the previous year: RMB318,771,000). The policy of the Manager is to distribute 100% of the entire distributable income during the Reporting Year to the Unitholders. Each Unitholder will receive a distribution amount of approximately HK\$0.1233 per Unit (the distribution amount for the corresponding period of the previous year: HK\$0.1098). Based on the closing price of HK\$4.00 on 30 June 2021, the yield was approximately 3.08%, the distribution yield was 6.17% per annum.

MACRO ECONOMY

Along with the improvement in the worldwide pandemic situation during the first half of 2021, the global economy has gradually recovered, but showing significant divergence and imbalance. In 2021, China's economy growth continued to improve and its internal driving forces have been continuously strengthened. According to preliminary calculations, the GDP for the first half year was RMB53,216.7 billion, a significant increase of 12.7% year-on-year. The economy was getting strengthened and improved while maintaining stability.

In the first half year, Guangzhou's economy was getting improved while maintaining stability, featuring "solidified stability and improved quality". Although the pandemic occurred in late May caused disturbances in some regions and some industries in a short term, the pandemic was quickly and effectively controlled under the implementation of targeted prevention and control measures. In the first half year, the city's GDP reached RMB1,310.189 billion, up 13.7% year-on-year, among which the emerging industries played a leading role. In the first half year, the added value of 3+5 strategic emerging industries reached RMB408.284 billion, up 14.9% year-on-year, contributing 33.9% to the city's GDP. As such a large economy like Guangzhou, more than one third of its economic growth is contributed by new drivers, which is very valuable.

In the first half year, Shanghai's economy continued to be steadily resumed, getting strengthened and improved while maintaining stability. The city's GDP was RMB2,010.253 billion, up 12.7% compared with the same period last year. Specifically, the tertiary industry increased by 11.3% year-on-year, and the added value of the tertiary industry accounted for 75% of the city's GDP. New economic drivers have been continuously released and industrial strategic emerging industries have developed rapidly. Meanwhile, the modern service industry has shown a good momentum of development.

After the pandemic, Wuhan strived to revive its economy in full swing and delivered remarkable interim results for the first half year. In the first half year, Wuhan's regional GDP reached RMB825.15 billion, up 28.6% year-on-year, representing an increase of 3.5% compared with the same period in 2019, with an average increase of 1.7% for these two years, both of which achieved a turnaround to positive, making Wuhan a key player again in competition with other cities. Specifically, the added value of Wuhan's high-tech manufacturing industry increased by 61.6% year-on-year. With the accelerating deployment in high-end industry, the development of new drivers has largely picked up momentum.

CHAIRMAN'S STATEMENT

In the first half year, Hangzhou's economy continued to recover and gradually got back to normal, showing a development trend of steady progress, improved quality and efficiency, and increased vitality. In the first half year, the city's GDP was approximately RMB 864.6 billion, up 12.7% year-on-year, in which the digital economy took the lead, especially its core industries accounted for 26.7% of the GDP, up 16.7% year-on-year.

MARKET REVIEW

In the first half of this year, three Grade A office buildings in Guangzhou entered the market, pushing up the city's total stock to 5.765 million sq.m. While the leasing demands from industries such as information technology and finance were relatively active, the city recorded a net absorption of 264,000 sq.m in the first two quarters, making the city-wide vacancy rate drop slightly to 8.2%. In order to increase customer viscosity or attract new tenants, most landlords continue to maintain a "lower price for more volume" strategy, resulting in a slight drop in city-wide average rent to RMB163.6/sq.m./month. In terms of sub-markets, Zhujiang New City, as the core business district of Guangzhou, remained a favored location for enterprises, and the leasing transactions were conducted mainly for relocation and expansion purposes within the sub-market. As a mature district with outstanding business atmosphere and traffic conditions, Tianhe North Business District witnessed a steady absorption for the new supply projects.

In the first half of this year, Shanghai saw a new supply of nine Grade A office projects, bringing a total of 454,000 sq.m. of new supply to the market, and pushing the total stock up to 13.96 million sq.m. High-quality supply and various preferential policies propelled market upgrades and expansions. The city recorded a net absorption of 764,000 sq.m. in the first half of this year, with the most active transactions coming from the financial, professional services and TMT sectors. Popular areas with rising occupancy rates such as Qiantan and Lujiazui realized rent increases to varying degrees. The annual rent in core business areas has maintained at the level of RMB9.3/sq.m./day, a slight decrease of 0.5% from the end of last year, and the decline was significantly narrowed.

In the first half of 2021, the leasing demand for Grade A office buildings in Wuhan recovered steadily and there was only one new project entering the market, which brought good opportunities to reduce the stock. The vacancy rate for Grade A office buildings for this year dropped slightly to 36.9% quarter-to-quarter, among which the technology and Internet industry showed strong leasing demand, with new lease area accounted for a quarter of the total, while the real estate, professional services and traditional financial industries remained active. However, the overall market remained the trend in supply higher than demand, and the continued price reduction strategy of property owners caused continuous pressure on rent. As at the end of the second quarter, the average rent of the city's Grade A office buildings was RMB102.5 sq.m./month, representing a continued decrease by 0.5% quarter-to-quarter.

In the first half of this year, the Hangzhou Grade A office market saw a new supply of 40,000 sq.m., pushing the total stock up to 3.324 million sq.m. The net absorption has increased significantly compared with the pandemic year, and the average rent rose slightly to RMB133.4 sq.m./month, with TMT sector remained the key driver for lease transactions. In the first half of this year, Qianjiang New Town was still the first choice for real estate headquarters and finance offices, and the vacancy rate continued to decline due to recovery in demand.

In the first four months of this year, domestic consumption demand for apparel resumed growth, and the industry gradually maintained stability. However, at the end of May, in response to the resurgence of the pandemic in Guangzhou, pandemic control policies were issued in many places. As a result, major apparel business areas saw a sharp drop in customer flow and sales, causing material disruption to their operations. As many specialized markets in these business areas were forced to shut down and the merchants lacked confidence due to great difficulties in their business operation, the risk of lease termination continued to increase.

CHAIRMAN'S STATEMENT

In the first half of this year, two new projects, both located in sub-core business district, were put into retail property market in Guangzhou, bringing 299,000 sq.m of new supply to the city. The overall stock of Zhujiang New Town and Tianhe Road in the core business districts has remained stable with no new supply, and has entered the era dominated by stock. As the market demand rebounded better than expected, booming transactions were seen in the sub-core business districts. Viewing structurally, the city-wide average first-floor rent decreased by 2.5 percentage points, whereas rents in core commercial districts remained stable.

In the first half of 2021, Wuhan's retail property market witnessed both new supply and stock adjustments. The successive opening of new projects injected new vitality into the business district where they are located, but competition in the core business areas has been intensified simultaneously and the vacancy rate continued to rise as new supply increased. As at the end of the second quarter, the total stock of retail properties in the city rose to 6.79 million sq.m., and the vacancy rate rose slightly to 9.1%. The market rent rebounded continuously and slightly to RMB307.8/sq.m./month, but it still did not exceed the pre-pandemic level.

In the first half of this year, the performance of Guangzhou hotel market experienced notable fluctuations under the severe impact from the COVID-19 pandemic and the relevant control policies. According to the STR report, as of June 2021, the average occupancy rate of the major competing products of the Four Seasons Hotel in Guangzhou was 58.9%, representing an increase of approximately 28 percentage points year-on-year and 77.5% of that in the same period of 2019, while the average room rate was RMB1,324, representing an increase of 5.7% year-on-year, and recovering to 85.6% of that in the same period of 2019. However, affected by the new round of the pandemic at the end of May, the performance of its competing products in June fell sharply, with an average occupancy rate of only 11.2%, which dragged down the overall performance and recovery trend in the first half of the year. The high-end serviced apartment market was less impacted by the pandemic because it had a higher proportion of long-term tenants. In the first half of this year, the average occupancy rate of major competing products of Ascott Serviced Apartments at GZIFC was 73.5%, representing a year-on-year increase of 10.2 percentage points, and recovering to 85% of that in the same period of 2019, while the average room rate was RMB664, representing a year-on-year decrease of 4%, and 87% of that in the same period of 2019.

BUSINESS OPERATING STRATEGIES

In response to changes in urban momentum, market and industrial structure in the post-pandemic era, as well as future development trends, the Manager strengthened active management and formulated pragmatic and targeted leasing strategies to effectively mitigate interim business operating risks and stabilize overall operations situation.

In terms of **office buildings**, the office building projects under the Yuexiu REIT are concentrated in the core CBDs of first-tier and second-tier cities of the PRC. The Manager adopted a relatively aggressive strategy for lease renewal and commenced renewal negotiations ahead of schedule to ensure smooth lease renewal; implemented differentiated pricing by phases to narrow rent spreads and stabilize rental value of the projects; and strengthened industry research and judgment to facilitate tenant acquisition for the projects. Meanwhile, oriented by industrial value, the Manager implemented targeted marketing and tenant acquisition; clearly defined portrait for different customer needs to implement targeted renovation of vacant units; and renovation plan was carried out in advance so as to minimize the vacant period. In order to better serve the tenant enterprises in the post-pandemic era more accurately, the Manager fully upgraded the "Yue Plus" to a blockchain marketing platform, reconstructed a new closed-loop of "People, Goods and Market", and united with industry-leading resources to formulate a building economic ecosystem.

CHAIRMAN'S STATEMENT

In terms of **retail shopping malls**, the Manager exerted the synergetic capacities of brand resources to promote strategic cooperation with high-quality customers; deeply tapped into and checked the value of properties to generate more income and improve efficiency; strengthened data application capabilities to facilitate store operations through operational digitization; analyzed different customers' consumption preferences through client portrait analysis to achieve targeted marketing; joined hands with merchants to attract customer flow and increased sales promotion activities to improve merchant's financial performance; built up brand image of shopping malls through online and offline marketing and promotion; created smart business circles of members to realize the consumption by members; and continuously explored the consumption needs of the businesspeople in offices for cross-sector cooperation.

In terms of **specialized market**, as the impact of the pandemic was still continuing, and the confidence of the market and merchants slowly recovered. The Manager adhered to the mid-to-high-end product positioning, maintained the existing premium tenants, accelerated the introduction of young fashion designer brands, and realized product renewals. It also optimized and adjusted floor positioning, dynamic-line designs and shop area to reduce tenants' operating costs; innovated marketing channels, worked together via online and offline; realized the layout of key areas and gradually established a network of White Horse Satellite Project based on the "Guangdong Trade", and increased the real markets empowered by new media including social marketing, digital marketing, etc.

In terms of the **hotels and serviced apartments**, in the first half of this year, affected by the nationwide pandemic in January and the pandemic in Guangzhou in May, the performance of hotels and serviced apartments recovered in a "convex" (凸) shape. With a continuing focus on the clients from domestic leisure traveler market, Four Seasons Hotel strived to improve its overall revenue through multi-channel marketing with concentration in market cultivation, research on incremental market, and increasing exposure during the pandemic. Ascott Serviced Apartments at GZIFC insisted on stabilizing long-term tenants and increasing the occupancy rate of short-term tenants and deeply explored for consulate customers and domestic corporate clients, while flexibly adjusting the apartment structure for short-term tenants and striving to maximize income.

INVESTMENT AND FINANCIAL STRATEGIES

In the first half of 2021, the Manager implemented proactive and prudent investment strategies and continued to search for high-quality business projects and supporting resources in the core areas of first-tier cities and strong second-tier cities in China. The Manager is of the opinion that the continuous improvement of the quality of the portfolio and the scale of assets will inject new growth momentum to Yuexiu REIT, which in turn will bring continuous and stable returns to Unitholders.

Yuexiu REIT implemented stable and prudent financial policies, as at 30 June 2021 the ratio of total borrowings to total assets of the Yuexiu REIT was maintained at the level of 38.8%, which was well below the upper limit of 50% as stipulated in the REIT Code. The Manager paid close attention to the changes in interest rates and exchange rates, actively expanded the capital channels, made reasonable planning for overseas loans as they fall due in future and sought to obtain an appropriate average rate of financing cost.

In response to the impact of exchange rate fluctuations on the operating results of Yuexiu REIT, the Manager has continued to strengthen the research and thorough analysis on the exchange rate and interest rate hedging instruments, as well as on the hedging schemes, and timely introduced exchange rate hedging instruments. The foreign exchange risk exposure was approximately 73.0% at the end of June 2021. The Manager has continuously paid close attention to the trend in foreign exchange market while seeking effective control over exchange rate risk at a reasonable cost.

The Manager continued its work in maintaining a stable credit rating of the Yuexiu REIT. Based on the confidence in Yuexiu REIT's relatively strong operating capability and stable cash flow expectation, the rating agency granted Yuexiu REIT an investment-grade rating with a stable outlook.

CHAIRMAN'S STATEMENT

ASSET ENHANCEMENT STRATEGIES

The Manager continued to implement strategic asset enhancement plans and explore opportunities for asset appreciation by reviewing the property portfolio of the Yuexiu REIT on a regular basis, thereby maintaining competitive advantage in the market and increasing returns of the projects. Meanwhile, the Manager has targeted at the contact points of customers to carry out asset optimisation to improve customer satisfaction and experience, achieving continuous enhancement in rental value of the properties of Yuexiu REIT.

PROSPECTS

Looking forward to the future, the development of the epidemic and the progress of vaccination are still the direct factors affecting the future recovery of the world economy. The pandemic has an important impact on global industrial adjustments. The digital economy and green development will lead the recovery and growth of the world economy. In terms of overall fundamentals, from the perspective of supply and demand cycles, market confidence, and continuous increased domestic demand, China's economy is expected to maintain a steady recovery in the second half of the year.

Recently, Guangzhou, together with the four municipalities directly under the Central Government in China, were approved as the first batch of international consumer center cities, and the city's influence has been further expanded. In the second half of this year, the Guangzhou office market will increase the supply of 1,031,000 sq.m., of which nearly 70% will come from the Pazhou sub-market, and market competition will intensify. It is expected that most landlords will moderately expand the space for rent negotiation and speed up the destocking of property projects, and the city's rent level will continue to decline. Guangzhou's Fourteenth Five-Year Plan emphasizes the promotion of a new generation of informatization construction and economic digital transformation. It is expected that the office leasing demand of technology and information technology companies will further increase.

The stock of retail business core business districts has been stabilized. In the future, supply will mainly be concentrated in the sub-core business districts. The scale of the stock of the sub-core business districts will further expand and competition in the region will intensify. With the release of the results of the seventh census, the demographic dividend will bring more new consumption demand to Guangzhou's retail business development in the future. The rents of high-quality projects in the Zhujiang New Town business district still maintain a positive trend. In the future, with the implementation of the strategy of upgrading some projects, there is still space for rent to rise.

Taking advantage of the development of the "Fashion Industry Capital of Greater Bay Area" and "Design Capital", Guangzhou has vigorously promoted the upgrading of the apparel industry. It is expected that in the second half of the year, the customer flow of the apparel professional market of Guangzhou will gradually rise, but the business districts will show two-level differentiation and the degree of recovery will be uneven. The business districts with product cost-effective advantages and e-commerce advantages may recover faster. Regardless of the possibility of repeated epidemic, we are cautiously optimistic about the overall situation of the hotel and serviced apartment market in the second half of the year. The summer vacation and the peak season for exhibitions in the fourth quarter will be an important growth point for short-term rental demand; at the same time, the gradual recovery of international business and consulate customers will drive long-term rental demand for high-end serviced apartments.

With the gradual and stable implementation of "14th Five-Year Plan" of Shanghai, more detailed rules will support industries such as information technology, high-end manufacturing, financial services, and modern commerce. With the support of further reform and opening up policies, the Pudong New Area, in particular, will attract more high-quality tenants. It is expected that more than 10 new office projects will be completed in the second half of this year. In the face of continuous competition from emerging markets, project rent in core business districts will fluctuate within a reasonable range in the short term.

CHAIRMAN'S STATEMENT

It is estimated that by 2023, the new supply of Grade A office in Wuhan will be approximately 1,217,000 sq.m., and the competition between buildings in the core business district and the emerging business district will become more intense. In addition, the government strengthens the standardized management of off-campus training institutions, which impacts online education, a major source of new rental demand. In the short term, market demand shall see a structural adjustment, and the downward trend of rent will continue. But in the long run, with the clarification and deepening of regional positioning and the implementation of industrial policies, the establishment and expansion of government-led industries will accelerate the "quantitative change" and "qualitative change" of demand. In terms of the retail property market, a number of projects are expected to commence in the second half of this year, and the cumulative new supply throughout the year will exceed 900,000 sq.m. The opening of high-quality projects will further enhance the business atmosphere of Wuhan and intensify market competition. Wuhan will accelerate the construction of an international consumption center city, promote the organic integration of online and offline consumption, and inject new vitality into the retail market.

In the next five years, Hangzhou will continue to optimize the spatial layout of the city and build a modern industrial system with international competitiveness. It is expected that in the second half of this year, thanks to the continued recovery in rental demand, the vacancy rate indicator trend of the Hangzhou Grade A office market is expected to improve, and rents are expected to narrow down in the downward channel. As of the end of 2024, the Hangzhou Grade A office market is expected to usher in a new supply of 911,000 sq.m.

In general, China's economy has entered a normalized track in the second half of the year. We are cautiously optimistic that with the combination of its premium portfolio of properties coupled with its professional management team, Yuexiu REIT will actively seize potential investment opportunities and proactively plan for debt restructuring, expand financing opportunities in the capital markets to effectively reduce the finance costs, aiming at continuously generating stable returns for the Unitholders through the implementation of proactive and prudent leasing strategies and coordinated with effective asset appreciation measures.

APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the Board of Directors, senior management and 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

Chairman

Hong Kong, 9 August 2021

YUEXIU REIT PROFILE

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

Yuexiu REIT is a Hong Kong real estate investment trust that 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, Third Supplemental Trust Deed dated 25 July 2012, Fourth Supplemental Deed dated 3 April 2020 and Fifth Supplemental Trust Deed dated 28 May 2021 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 five commercial properties located in Guangzhou, one commercial property located in Shanghai, one commercial property located in Wuhan and one commercial property located in Hangzhou. 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. The Manager has intended to distribute to the Unitholders an amount equal to 100% of Yuexiu REIT's Total Distributable Income and Additional Item (as defined in the Offering Circular issued to Unitholders dated 30 June 2012) for the financial year ending for 2021.

The Manager also has the discretion under Yuexiu REIT's trust deed, where there are surplus funds, to distribute additional amounts. At the time of announcing the distribution for any particular year, the Manager shall consider whether to exercise such discretion having regard to factors including but not limited to Yuexiu REIT's funding requirements, its earnings and financial position, its growth strategies, operating and capital requirements, compliance with relevant laws, regulations and covenants (including existing limitations on borrowings as prescribed in the REIT Code), other capital management considerations, the overall stability of distributions and prevailing industry practice.

In light of the above, the Manager has determined that an interim distribution to Unitholders for the 2021 Interim Period will be approximately RMB0.1025 which is equivalent to HK\$0.1233 (June 2020: approximately RMB0.0990 which was equivalent to HK\$0.1098) per unit. Such interim distribution per unit, however, is subject to adjustment once new units are issued to the Manager (in satisfaction of the Manager's fee) prior to the record date for the 2021 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the six months ended 30 June 2021.

The total 2021 interim distribution amounted to approximately RMB340,274,000 which is equivalent to HK\$409,269,000 (June 2020: approximately RMB318,771,000 which was equivalent to HK\$353,540,000), includes an amount of approximately RMB117,285,000 (June 2020: RMB104,271,000), that is capital in nature. The total distribution amount for the Interim Period comprises the distributable amount calculated pursuant to the formula set out in the Trust Deed plus a further distribution of approximately RMB60,422,000 having regard to the abovementioned discretion of the Manager under Yuexiu REIT's trust deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement.

Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the Manager is the central parity 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 2021 Interim Period is HK\$0.1233 (June 2020: HK\$0.1098) per unit, representing a yield of approximately 3.08% (June 2020: 3.11%) based on the closing price of HK\$4.00 per unit as at 30 June 2021 (30 June 2020: HK\$3.53). This represents an annualized distribution yield of 6.17%.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 15 September 2021. The register of Unitholders will be closed from 15 September 2021 to 16 September 2021, 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 54/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 14 September 2021. The 2021 interim distribution will be paid on 22 October 2021 to the Unitholders whose names appear on the register of Unitholders on 15 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OPERATING RESULTS STABILISED DESPITE REPEATED CHALLENGES FROM THE PANDEMIC

Since the beginning of this year, benefiting from the relatively high vaccination rate and the sustained normality in prevention and control mechanism in China, China's macro economy has been steadily improving, however, some cities are still undergoing an occasional relapse of the pandemic. The outbreak of the pandemic in Guangzhou in May and June of this year had a certain impact on the local projects of Yuexiu REIT, particularly in the catering and hotel segments. The Manager adopted countermeasures swiftly and proactively, which effectively alleviated the short-term risks of the pandemic and various operating indicators gradually became stabilised.

PROPERTY PORTFOLIO

As at 30 June 2021, Yuexiu REIT's portfolio of properties consisted of eight properties, namely, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC located in Guangzhou; Yue Xiu Tower located in Shanghai; Wuhan Properties located in Wuhan; as well as Hangzhou Victory located in Hangzhou. The area of ownership of the properties was approximately 973,001.4 sq.m. and the total rentable area was 632,915.1 sq.m. (excluding 1,408.3 sq.m. of carpark spaces area of Fortune Plaza; 2,104.3 sq.m. of carpark spaces area of City Development Plaza; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of carpark spaces and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of carpark spaces and 2,610.4 sq.m. of specific purpose area of Yue Xiu Tower; 62,785.8 sq.m. of carpark spaces and 12,415.1 sq.m. of common facilities area of Wuhan Properties; and 17,663.6 sq.m. of carpark spaces area of Hangzhou Victory, and the following statistics of both aggregate rented area and occupancy rate excluded the above areas), of which the area of ownership of maturity properties (GZIFC, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza and Yue Xiu Tower) accounted for 70.4%, and the area of ownership of growth properties (Wuhan Properties and Hangzhou Victory) accounted for 29.6%.

PROPERTY VALUATION

On 30 June 2021, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Colliers International (Hong Kong) Limited ("Colliers"), an independent professional valuer, and the revalued market value was approximately RMB34.488 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table summarizes the valuation of each of the properties as at 30 June 2021 and 31 December 2020:

Name of Property	Valuation as at 30 June 2021 RMB million	Valuation as at 31 December 2020 RMB million	Increase/ (decrease) percentage
White Horse Building	5,089	5,089	0.0%
Fortune Plaza	1,254	1,251	0.2%
City Development Plaza	1,054	1,051	0.3%
Victory Plaza	953	951	0.2%
GZIFC	18,783	18,774	0.0%
Yue Xiu Tower	3,069	3,086	(0.6)%
Wuhan Properties	3,673	3,674	0.0%
Hangzhou Victory	613	612	0.2%
Total	34,488	34,488	0.0%

Particulars of the properties are as follows:

Name of Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate ⁽¹⁾	Number of Lease ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m./ month)
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	90.1%	814	558.7
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 ⁽²⁾	99.1%	79	152.3
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 ⁽³⁾	94.7%	74	140.9
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	98.7%	28	182.1
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	93.6%	282	223.1
Including:	Grade A office			267,804.4	183,539.6 ⁽⁴⁾	92.9%	228	240.4
	Retail shopping mall			46,989.2	46,727.3	96.5%	54	157.7
	Hotel			91,460.9 ⁽⁵⁾	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Yue Xiu Tower	Commercial complex	Pudong New District, Shanghai	2010	62,139.4	46,026.3 ⁽⁶⁾	92.2%	118	252.6
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	90.9%	275	85.3
Including:	Grade A office		2016	139,937.1	129,446.7 ⁽⁷⁾	88.1%	171	95.1
	Retail shopping mall		2015	45,471.4	43,546.6 ⁽⁸⁾	99.2%	104	59.4
	Commercial parking spaces		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking spaces		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory	Grade A office	Jianggan District, Hangzhou	2017	40,148.4	22,484.8 ⁽⁹⁾	95.9%	29	120.5
Total				973,001.4	632,915.1	93.2%	1,699	198.1

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) As at 30 June 2021;
- (2) Excluding 1,408.3 sq.m. of carpark spaces area.
- (3) Excluding 2,104.3 sq.m. of carpark spaces area.
- (4) Excluding 76,512.3 sq.m. of carpark spaces and 7,752.5 sq.m. of other ancillary facilities area;
- (5) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor;
- (6) Excluding 13,502.6 sq.m. of carpark spaces and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor);
- (7) Excluding 10,490.3 sq.m. of common facilities area and refuge floor;
- (8) Excluding 1,924.8 sq.m. of common facilities area;
- (9) Excluding 17,663.6 sq.m. of carpark spaces area.

OCCUPANCY RATE REMAINED AT RELATIVELY HIGH LEVEL

As at 30 June 2021, the overall occupancy rate of the properties was approximately 93.2%, whereas the occupancy rate of the matured properties was 94.0% and that of the growth properties was 91.5%.

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

Name of property	Occupancy rate as at 30 June 2021	Occupancy rate as at 30 June 2020	Percentage Increase/ (decrease) as compared to 30 June 2020
White Horse Building	90.1%	97.3%	(7.2)%
Fortune Plaza	99.1%	97.1%	2.0%
City Development Plaza	94.7%	96.2%	(1.5)%
Victory Plaza	98.7%	94.1%	4.6%
GZIFC Office	92.9%	94.0%	(1.1)%
GZIFC Shopping Mall	96.5%	96.7%	(0.2)%
Yue Xiu Tower	92.2%	88.1%	4.1%
Subtotal of maturity properties	94.0%	94.5%	(0.5)%
Wuhan Properties Office	88.1%	82.9%	5.2%
Wuhan Properties Shopping Mall	99.2%	92.2%	7.0%
Hangzhou Victory	95.9%	97.8%	(1.9)%
Subtotal of growth properties	91.5%	86.7%	4.8%
Total	93.2%	92.1%	1.1%

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average Occupancy rate ⁽¹⁾	Average room rate ⁽¹⁾ (RMB)	RevPAR ⁽¹⁾ (RMB)
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	61.2%	1,974	1,209
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	86.9%	990	861

Notes:

(1) From 1 January 2021 to 30 June 2021;

(2) Both hotel and serviced apartments are entrusted operators.

REVENUE GREW SLIGHTLY

During the Interim Period of 2021, the properties of Yuexiu REIT recorded total revenue of approximately RMB881.7 million representing an increase of approximately RMB50,549,000 as compared to the corresponding period of the previous year. White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Yue Xiu Tower, Wuhan Properties and Hangzhou Victory accounted for approximately 15.9%, 4.1%, 4.0%, 3.9%, 53.1%, 6.9%, 10.2% and 1.9% respectively of the total revenue.

The following table sets out a comparison of revenue from the properties between the reporting period and the corresponding period of the previous year:

Name of Property	Revenue for the Interim Period of 2021 RMB million	Revenue for the Interim Period of 2020 RMB million	Increase/ (Decrease) as compared to Interim Period of 2020 RMB million	Increase/ (Decrease) in revenue from properties percentage
White Horse Building	139.9	161.9	(22.0)	(13.6)%
Fortune Plaza	36.4	37.3	(0.9)	(2.4)%
City Development Plaza	35.2	34.3	0.9	2.6%
Victory Plaza	34.8	30.9	3.9	12.6%
GZIFC	468.3	402.7	65.6	16.3%
Office buildings	240.7	245.0	(4.3)	(1.8)%
Retail malls	32.0	37.6	(5.6)	(14.9)%
Hotels	145.1	74.8	70.3	94.0%
Service apartments	50.5	45.3	5.2	11.5%
Yue Xiu Tower	60.6	59.3	1.3	2.2%
Subtotal of maturity properties	775.2	726.4	48.8	6.7%
Wuhan Properties	90.0	89.0	1.0	1.1%
Hangzhou Victory	16.5	15.7	0.8	5.1%
Subtotal of growth properties	106.5	104.7	1.8	1.7%
Total	881.7	831.1	50.6	6.1%

MANAGEMENT DISCUSSION AND ANALYSIS

GZIFC- STRENGTHENED TENANT SOLICITATION AND BOOSTED TENANCY FOR OFFICE BUILDING, MAINTAINED STABLE TENANCY RENEWAL AND OPTIMISED TENANT STRUCTURE FOR SHOPPING MALL OPERATION

Demand in the office rental market in Guangzhou recovered steadily, majority of the demand concentrated in new supply projects, whereas recurrence of the pandemic posed notable pressure on the rent level. Leveraging on its experienced business promotion team and customer reserve, GZIFC greatly increased the lease transactions for high-rent units, overcame the difficulties in units with a long vacancy period, and effectively concluded lease transactions for large-area units. As a result, GZIFC achieved newly contracted area of approximately 16,000 square meters in the first half of the year, and most of the tenants were key and influential industry players (such as "AIA Insurance") who entered GZIFC for the first time. In respect of lease renewal, among others, leases were successfully renewed in the first half of the year with foremost customers such as Export Insurance (進出口保險), Biostime (合生元), Nanyue Fund (南粵基金) and China Construction Bank, ensuring a high-quality customer base for the building. As of the end of June, the average unit rental price of GZIFC was about RMB240.4 per square meter per month, representing a premium of about 31% over other projects in the same district.

This year was the first year for the retail mall of GZIFC having most expiring lease contracts since its opening. With effective management on lease renewals by its operation team, the retail mall of GZIFC successfully achieved a lease renewal rate of over 80% for leases expired in the first half of this year, as well as an average increase of 31% in the effective rent for the renewed leases. For the unrenewed units, our business solicitation efforts brought in high-quality retail brands to fill up some vacated area, while other available area was used to meet the office expansion needs of existing tenants. In the first half of this year, the retail mall of GZIFC introduced another high-end New Energy Vehicle brand, attaining a satisfactory rental income, while contributing to the continuous optimization in the tenant structure.

In the first half of this year, Four Seasons Hotel managed to increase the occupancy rate through enhancing cooperation with Online Travel Agency (OTA) by launching special themed products to augment market exposure, and conducting multi-channel interactive marketing. Ascott Serviced Apartments insisted on the policy of "complementing the long-term rent offering a preferential rate with the short-term rent usually demanding a higher rate", in order to strengthen income management and appropriately promoted large-area units in the short-term tenant market, and as a result, it ranked first both in operating revenue and GOP as compared to other Ascott Serviced Apartments in China. As at June 2021, when compared with direct competitors, the average occupancy rate for the Four Seasons Hotel was higher by 2.3 percentage points, average daily rent was higher by 49.1%, and RevPAR was higher by 55.1%. Compared with direct competitors, the average occupancy rate of Ascott Serviced Apartments was higher by 13.4 percentage points, average daily rent was higher by 49.2%, and RevPAR was higher by 76.5%, and it has been in a leading position continuously in the market.

WUHAN PROPERTIES – BUSINESS REBOUNDED AFTER THE PANDEMIC, AND BUSINESS GROWTH THROUGH NEW TENANTS SOLICITATION AND TENANT RESERVE BUILD-UP

After a difficult period in 2020, the overall office market in Wuhan showed a recovery in the first half of this year. Facing the impact from low-price strategy of competing products in the market, Wuhan Yuexiu Fortune Center continued to implement price control effectively, maintenance of key leasing channels by dedicated personnel, targeted tenant solicitation from specific key industries, expanding influence through publicity and promotion, which effectively contributed to the augmentation of tenancy contracts. In the first half of this year, the newly contracted area was about 17,000 square meters, of which lease expansion by premium existing customers accounted for about 50%. Meanwhile, Wuhan Yuexiu Fortune Center also achieved satisfactory lease renewals. As a result, as at the end of June, the occupancy rate climbed to a record high at 88.1%. With high-quality property management services and good quality of the building, the overall operation progressed in a stable manner.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of this year, Wuhan's retail property market had a new supply of 361,000 square meters, and an overall vacancy rate of about 9.1%. Starry Victoria Shopping Centre actively expanded various channels in building up tenant reserve and implemented precise tenant solicitation. As a result, the occupancy rate at the end of June reached 99.2%, marking another record high. Efforts were put in collecting and recording the renewal intention of tenants of possibly discontinued tenancy, achieving a seamless connection between expiring leases and new tenancy contracts to minimise the vacancy period, and therefore the effective rent of newly signed leases increased by 9.5% in the first half of this year. With the one-shop-one-policy assistant mechanism, successful results in different phases were achieved in the pilot assistance initiative for the operation of key brands. At present, the shopping mall is experiencing a satisfactory recovery in overall sales, with an increase of 12% of the total turnover for the first half of this year over the corresponding period in 2019.

WHITE HORSE BUILDING – BREAKTHROUGHS MADE IN ADJUSTMENT IN TARGETED FLOORS TO STRENGTHEN OPERATION POSITIONING

Due to the prolonged impact of the pandemic, White Horse Building underwent a sluggish recovery in operation as a whole. Facing such difficulties, the management team of White Horse Building proactively sought changes to implement differentiated leasing policies and business adjustment measures for the shops on the second, sixth and eighth floors with expiring leases. Firstly, the second floor would be adjusted to create a new positioning of a robust base for the vibrant youth looking for fashion and innovation. Coupled with a plan to introduce mid-to-high-end apparel brands with original designs and self-manufactured products for girls and ladies, a reserve of 183 prospective customers had been built up. Secondly, the eighth floor would be adjusted from women's clothing to men's clothing and accessories to create a base for sophisticated men's brand apparel. Thirdly, the consultation on the intention to renew the lease was conducted for tenants on the sixth floor, at present, the intended renewal rate reached 100%. In addition, a number of capital expenditure projects were carried out such as upgrading the building's facade and renovation and transformation of the second floor, with a view to enhance the image of White Horse Building and to promote the business operation.

YUE XIU TOWER – GREAT BREAKTHROUGHS ACHIEVED IN TENANT SOLICITATION WITH EFFECTIVE SUCCESSFUL LEASING POLICY

Yue Xiu Tower successfully retained existing high-quality customers by formulating a unique lease renewal programme while offering diversified ancillary products and services. With Yue Xiu Tower engaging in renewal negotiations in advance, the lease renewal rate in the first half of this year exceeded 70%. In respect of new leases, seizing the opportunity arising from the recovery of market demand, targeting central and state-owned enterprises, Fortune Global 500 enterprises and high-growth customers, Yue Xiu Tower steadily increased the occupancy rate of its properties by providing units with refined and stylish decoration to effectively shortening the vacancy period, thus maintaining its leading position in the leasing market in the same district. The occupancy rate at the end of the period increased period-to-period by 4.1 percentage points.

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA – MITIGATED RISK IN ADVANCE AND ENHANCED CONVERSION OF CUSTOMERS RESERVE

Fortune Plaza deeply tapped into the needs of existing tenants for office expansion, strove for seamless connection in respect of the occupancy of the vacant area, and completed early renewal of the lease with a key tenant "CITS American Express" which will expire in the second half of this year. Therefore, the occupancy rate remained at a high level. In view of the expiring leases with relatively larger area and the risk of early termination of leases by customers in the first half of this year, City Development Plaza actively promoted the replacement of old customers with new customers, accelerated the conversion of potential tenants for large-area units with contracted tenancy, and effectively reduced the loss from vacancy.

MANAGEMENT DISCUSSION AND ANALYSIS

VICTORY PLAZA – STABILISING PRINCIPAL CUSTOMERS AND INTENSIFYING THE ASSISTANCE TO CORE SHOPS

In the first half of this year, lease with the key customer “ICBC” was successfully renewed. Due to the dual impact of the pandemic in Guangzhou and other issues, sales of the core stores fell below expectations. In this regard, the management team continued to collaborate with the merchants to explore external resources and continue to carry out marketing activities, which effectively leveraged the sales of main stores and other merchants in the building. Meanwhile, a sound business data analysis system was established to continue to deepen the assistance for key tenants.

HANGZHOU VICTORY – SATISFACTORY LEASE RENEWAL AND STEADILY SOUND OVERALL OPERATION

The renewals of the expired leases were successfully completed in the first half of the year with a renewal rate of 100%. In addition, it implemented proactive management of leasing affairs to offer a full-floor area consolidation and replacement program to cater for customers’ needs, which further contributed to the stabilization of resources on premium customers. At present, the project has basically formed a characteristic of the building being positioned as a “government-enterprise center”, and the overall operation remained sound and stable.

ACTIVE PROMOTION OF ASSET APPRECIATION PROJECTS TO ACHIEVE VALUE PRESERVATION AND APPRECIATION OF PROPERTIES

In the first half of the year, the Manager continued to invest in a number of asset upgrading and refurbishment projects, which included renovation project of interchangeable heating and cooling system for Yue Xiu Fortune Center and Starry Victoria Shopping Centre, capital expenditure renovation projects for the offices, decoration and renovation of the 12th floor at Shanghai Yue Xiu Tower (initiated in December 2020), all of which were completed. In addition, these projects also included the upgrading project of steam heating system in B2F logistics area of Four Seasons Hotel, safety maintenance project of domestic water pipelines system at Four Seasons Hotel, installation project of fire alarm lock on the emergency evacuation fire-resistant doors at the podium of GZIFC shopping mall, replacement of fire safety smoke exhaust pipes and renovation of fire safety water supply system at White Horse Building, decoration and renovation project of the 2th floor at White Horse Building, renovation project of the entry plaza and external walls of White Horse Building, replacement project of main fire hose at Fortune Plaza, renovation project of fire protection and the equipment and facilities for domestic water system at Shanghai Yuexiu Building, renovation project of drawer-type switchgear in low-voltage distribution room, renovation project of catering grease traps, the addition of electric valve to the main pipe of the air conditioning chilled water system at the podium of Yue Xiu Fortune Center, renovation project of peripheral landscape. In total, they all amounted to an estimated investment of more than RMB30 million, aiming at continuously improving equipment safety and business environments across all projects.

In the second half of this year, the Manager is upholding plans to invest primarily in capital expenditure renovation projects for White Horse Building, the Four Seasons Hotel at GZIFC and Shanghai Yuexiu Building to achieve value preservation and property appreciation.

PROACTIVE MANAGEMENT OF MATURING DEBTS TO ALLEVIATE IMPACTS OF MARKET FLUCTUATIONS

The Manager proactively managed the maturing debts, and in the first half of the year, completed the issuance of US\$400 million bonds by leveraging on the opportunity of the low US bond yields in the past 70 years to replace US\$400 million bonds which are due this year. Benefiting from further bond replacement and the overall low level of market interest rates, the overall financing cost dropped from 3.01% at the beginning of the year to 2.47%. At the same time, it maintained reasonable financing structures and exchange rate and interest rate exposures to alleviate any impacts from market fluctuations on the performance of Yuexiu REIT.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

FINANCIAL RESULTS

During the Interim Period of 2021, gross income was higher than the Interim Period of 2020. The following is a summary of Yuexiu REIT's financial results during the 2021 Interim Period:

	Six months ended 30 June		
	2021 Unaudited RMB'000	2020 Unaudited RMB'000	Increase/ (decrease) %
Gross income	881,684	831,135	6.1%
Hotel and serviced apartments direct expenses	(132,742)	(97,142)	36.6%
Leasing agents' fee	(21,876)	(22,348)	(2.1)%
Property related taxes (Note 1)	(87,189)	(55,806)	56.2%
Other property expenses (Note 2)	(1,371)	(2,021)	(32.2)%
Total property operating expenses	(243,178)	(177,317)	37.1%
Net property income	638,506	653,818	(2.3)%
Withholding tax	(24,707)	(26,468)	(6.7)%
Depreciation and amortization	(64,665)	(65,784)	(1.7)%
Manager's fees	(71,078)	(73,887)	(3.8)%
Trustee's fees	(5,212)	(5,229)	(0.3)%
Other trust expenses (Note 3)	(7,904)	(9,818)	(19.5)%
Total non-property operating expenses	(173,566)	(181,186)	(4.2)%
Profit before finance costs, finance income, fair value (loss) on support arrangement asset and tax	464,940	472,632	(1.6)%
Finance income	144,987	15,930	810.2%
Fair value (loss) on support arrangement asset	—	(1,760)	N/A
Finance expenses	(213,263)	(471,633)	(54.8)%
Profit before tax	396,664	15,169	2,515.0%
Income tax expenses	(105,482)	(108,421)	(2.7)%
Net profit/(loss) after tax before fair value gains/(loss) on investment properties, fair value (loss) on derivative financial instruments & gain on construction payables reversal	291,182	(93,252)	412.3%
Fair value gain/(loss) on investment properties	18,513	(256,858)	107.2%
Fair value (loss) on derivative financial instruments	(24,096)	(36,851)	(34.6)%
Gain on construction payables reversal	—	174,882	N/A
Net profit/(loss) after tax before transactions with Unitholders	285,599	(212,079)	234.7%

MANAGEMENT DISCUSSION AND ANALYSIS

- Note 1 Property related taxes include real estate tax, land use right tax, urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties.
- Note 2 Other property expenses include valuation fee, insurance premium, trade receivable loss allowance 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 fees, exchange differences from operation and miscellaneous expenses.

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

(RMB'000)	Six months ended 30 June	
	2021	2020
Office	465,108	468,356
Wholesales (Note 1)	139,876	161,913
Retails	81,162	80,752
Hotel and serviced apartments (Note 2)	195,538	120,114
Total	881,684	831,135

- Note 1 In 2021, the COVID-19 has continued to affect small and medium-sized clothing companies. Some tenants early terminated their tenancy agreement, resulting in a drop in occupancy rate and rental income.
- Note 2 Despite the relapse of the COVID-19, the room rentals and food and beverage income of Four Seasons Hotel and Ascott Serviced Apartments still recorded a rebound.

Net property income amounted to approximately RMB638,506,000 (2020: RMB653,818,000), 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 72.4% (2020: 78.7%) of total gross income. The table below sets out an analysis of net property income:

(RMB'000)	Six months ended 30 June	
	2021	2020
Office	393,992	418,181
Wholesales	119,306	144,517
Retails	68,923	72,347
Hotel and serviced apartments	56,285	18,773
Total	638,506	653,818

Hotel and serviced apartments direct expenses were RMB132,742,000 (including depreciation expense of RMB4,987,000 incurred in connection with right of use asset and interest expense of RMB427,000 incurred in connection with lease liability), an increase of 36.6% as compared with the 2020 Interim Period. It is mainly due to an increase in the gross income and the improvement in the occupancy rate of hotels and serviced apartments.

Leasing agents' fee decreased by approximately 2.1%, it was mainly due to the decrease of rental income as compared with the 2020 Interim Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Property related taxes increased by approximately 56.2%, it was mainly due to the PRC Government had provided tax relief after the rent concession provided by Yuexiu REIT to its tenants at 2020 Interim Period.

As the hotel and serviced apartments were booked as fixed assets, they incurred the depreciation and amortization charge.

As Renminbi appreciated against Hong Kong Dollar and United States Dollar for the Interim Period, the bank borrowings denominated in Hong Kong Dollar and medium term notes denominated in Hong Kong Dollar and United States Dollar resulted in an exchange gain of approximately RMB133,696,000. Excluding this exchange factor, the finance income received for the Interim Period amounted to approximately RMB11,291,000 (2020: RMB15,930,000).

The finance expenses incurred for the Interim Period amounted to approximately RMB213,263,000 (2020: RMB265,451,000 (After deducting the exchange loss of RMB against Hong Kong and USD, approximately RMB235,073,000)).

Profit after tax before transactions with Unitholders amounted to approximately RMB285,599,000 (2020: Loss RMB212,079,000), which represented an increase of approximately 234.7%, mainly due to a decrease of finance expenses and the fair value gain from investment properties amounted to approximately RMB18,513,000 (2020: fair value loss from investment properties amounted to RMB256,858,000).

NEW UNITS ISSUED AND UNIT ACTIVITY

In respect of the partial settlement of Manager's fee during the relevant period, Yuexiu REIT issued 16,174,466 new units at HK\$4.004 per unit on 7 April 2021. As at 30 June 2021, a total of 3,319,228,131 units were issued by Yuexiu REIT.

The unit price of the Yuexiu REIT reached a high of HK\$4.20 and a low of HK\$3.70 during the 2021 Interim Period. The average trading volume amounted to approximately 2,353,000 Units per day (2020: 4,839,000 Units) during the 2021 Interim Period.

DEFERRED UNITS

According to the Offering Circular in relation to the acquisition of GZIFC dated 30 June 2012, commencing from 31 December 2016, the REIT will, on 31 December of each year, issue to Yuexiu Property (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to Yuexiu Property (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of Yuexiu Property (and parties acting in concert with it) 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 them at the relevant time. Based on the Illustrative Financing Structure and assuming that no additional Units are issued post-Completion (other than Manager Fee Units), it is expected that all of the deferred units will be issued by 31 December 2023.

As stated in the Units Assignment Announcement, on 23 December 2020, Yuexiu Property (as assignor) entered into the Units Assignment with Yuexiu Capital Holdings Limited ("Yuexiu Capital") (as assignee), the latter being a wholly-owned subsidiary of Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"), pursuant to which Yuexiu Property as beneficial owner agreed to assign and transfer absolutely to Yuexiu Capital, and Yuexiu Capital agreed to accept, all of Yuexiu Property's rights, title, interest and benefits in and to the 2020 Deferred Units for a cash consideration.

MANAGEMENT DISCUSSION AND ANALYSIS

Accordingly, on 31 December 2020, the REIT issued 62,000,000 Units (being the “2020 Deferred Units”) at a price of HK\$4.00 per Unit on 31 December 2020 in partial satisfaction of the outstanding consideration from the REIT’s investment in Guangzhou International Finance Center in 2012. As a result of the Units Assignment, the 2020 Deferred Units were issued to Yuexiu Capital instead of Dragon Yield or Yuexiu Property. Following the issuance of the 2020 Deferred Units, the remaining balance of deferred units were approximately 399,401,000 units.

NET ASSET VALUE

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2021 was approximately RMB4.39 (31 December 2020: RMB4.42).

CAPITAL AND FINANCIAL STRUCTURE

Group’s borrowings are as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Bank borrowings and notes		
Denominated in RMB	1,284,400	1,552,840
Denominated in HKD	10,155,966	9,840,059
Denominated in USD	2,577,171	2,607,901
Total bank borrowings and notes	<u>14,017,537</u>	<u>14,000,800</u>
Maturity analysis		
Within one year	842,461	3,307,488
Two to five years	12,924,076	10,442,312
Beyond five years	251,000	251,000
The effective interest rate (per annum) of the borrowings and notes at the balance sheet date		
RMB	4.31%	4.31%
HKD	2.18%	2.28%
USD	2.72%	4.99%

The overall effective interest rate (per annum) of the borrowings and notes at the balance sheet date is 2.47% (as at 31 December 2020: 3.01%).

The Manager adopted a series of liquidity management measures. It managed the annual interest rate at a reasonable level and be alert for the foreign exchange risk.

As at 30 June 2021, capped forward hedging was applied to certain foreign bank loans and bonds to fix the RMB exchange rate. The total hedged loan and bonds amount was approximately RMB2,564,610,000 (as at 31 December 2020: RMB5,196,422,000).

As at 30 June 2021, Yuexiu REIT held certain hedging financial derivatives with fair value liabilities of RMB172,350,000 .

MANAGEMENT DISCUSSION AND ANALYSIS

Referring to the updated US\$1,500,000,000 guaranteed medium-term note plan in January 2021, Yuexiu REIT issued a total principal of US\$400,000,000 guaranteed note at 2.65% which would mature in 2026. The fund was used for repayment of US\$400,000,000 guaranteed note at 4.75% which matured in April 2021.

As at 30 June 2021, total borrowings of Yuexiu REIT amounted to approximately RMB14,017,537,000 which represented approximately 38.8% of total assets of Yuexiu REIT.

The abovesaid gearing ratio was below the maximum borrowing limit of 50% as stipulated in the REIT Code.

As at 30 June 2021, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB20,365,252,000, representing approximately 56.4% of total assets of Yuexiu REIT.

CASH POSITION

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2021 amounted to approximately RMB1,793,429,000. 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.

REVIEW OF FINANCIAL RESULTS

The results of Yuexiu REIT for the 2021 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 Standards 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 2021 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2021 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2021.

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 2021 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 2021 Interim Period.

EMPLOYEES

As at 30 June 2021, Yuexiu REIT employed 477 and 123 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.

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

CORPORATE GOVERNANCE

Except from Article A.2.1 of the Corporate Governance Code, it is required that the roles of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. At present, Mr. Lin Deliang is also the Chairman and Chief Executive Officer of the Manager. This structure was considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also did not believe that the current structure of a single Chairman and Chief Executive Officer will compromise the balance of power and authority between the board and the company's management.

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.

The Manager has complied with the provisions of the Compliance Manual during the 2021 Interim Period.

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. During the 2021 Interim Period, Mr. Lin Deliang, Mr. Cheng Jiuzhou (resigned on 4 March 2021), Mr. Kwan Chi Fai and Ms. Ou Haijing are also Responsible Officers.

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.

DEALING IN SECURITIES OF YUEXIU REIT BY DIRECTORS OR THE MANAGER

The manager has adopted the "Code Governing Dealings in Units by Directors or the Manager" (the "Units Dealing Code") governing dealings in the units of Yuexiu REIT as set out in the Compliance Manual, on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). The Units Dealings Code may be extended to senior executives, officers and other employees of the Manager as the board may determine. Following specific enquiries by the Manager, the Directors of the Manager and the Manager have confirmed that they have complied with the required standards under the Model Code and the Units Dealing code during the Interim Period.

CORPORATE GOVERNANCE

FUNCTIONS OF THE BOARD

The board of Directors of the Manager (the “Board”) currently comprises eight members, four 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.

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 seven Directors, including the Chairman, the Chief Executive Officer, Deputy CEO 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.

CORPORATE GOVERNANCE

DISCLOSURES COMMITTEE

The Disclosures 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 Disclosures 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.

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.

CHANGES OF DIRECTORS' INFORMATION

Mr. Cheng Jiuzhou resigned as an Executive Director, deputy chief executive officer and member of Finance and Investment Committee of the Manager with effect from 4 March 2021.

Mr. Zeng Zhizhao was appointed as a Non-executive Director and member of Finance and Investment Committee of the Manager with effect from 4 March 2021.

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, GZIFC, Fortune Plaza, Yue Xiu Tower, Wuhan Properties, Hangzhou Victory and White Horse Building have been leased to connected parties of Yuexiu REIT in relation to the Manager ("Manager Group"). Details are as follows:

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
City Development Plaza									
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. ("Yicheng")	103F	an associate of the Manager	58.98	1 Jan 2020	871	15	0	3	5,178
Guangzhou Yuexiu Xingye Property Agent Ltd. ("Xingye")	27, 28/F	an associate of the Manager	3,688.68	1 Jan 2018	493,582	134	0	4	3,023,209
廣州鵬輝貿易有限公司	21FGHI	an associate of the Manager	691.63	1 Jun 2020	99,595	144	0	3	592,659
廣州悅秀智訊科技信息諮詢有限公司	18ABJ	an associate of the Manager	691.62	1 Sep 2020	99,594	144	0	3	592,652
廣州悅秀智訊科技信息諮詢有限公司 ⁽¹⁾	18CDE	an associate of the Manager	461.09	1 Jan 2020	66,397	144	0	1.42	368,079
廣州悅秀智訊科技信息諮詢有限公司	18F	an associate of the Manager	126.45	1 Sep 2020	18,209	144	0	3	108,356
Yicheng	Carpark	an associate of the Manager	2,104.25	19 Nov 2019	304,167	145	0	3	1,808,351
廣州城建開發裝飾有限公司	9FGH	an associate of the Manager	461.09	27 Jul 2020	61,478	133	0	2.85	363,721
廣州宏城發展有限公司第一分公司	8E	an associate of the Manager	126.45	30 Dec 2020	16,860	133	0	0.17	33,667
Xingye	10FG	an associate of the Manager	334.64	1 Mar 2021	44,618	133	0	0.50	177,501
								Sub-total:	7,073,373

- (1) On 1 June 2021, 廣州悅秀智訊科技信息諮詢有限公司 entered into a lease with Full Estates Investment Limited to renew the lease of unit 18CDE of City Development Plaza for a term of 2.25 year commencing from 1 June 2021, and the unit price of rent remained unchanged.

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
GZIFC									
Guangzhou Yuexiu Enterprises Holdings Ltd. ("YXE") ⁽¹⁾	0601-A	an associate of the Manager	1,224.74	1 Jan 2019	271,892	222	0	3	1,598,507
Guangzhou Yuexiu Financial Holdings Co., Ltd.	0601-B	an associate of the Manager	48.75	1 Aug 2020	10,823	222	0	1.42	63,631
YXE	0601-C	an associate of the Manager	88.00	1 Jul 2020	19,536	222	0	1.5	119,800
Guangzhou Yuexiu Asset Management Co., Ltd. ("GZAM")	0601-D	an associate of the Manager	138.72	1 Sep 2019	30,796	222	0	3	181,056
GZAM	0601-E	an associate of the Manager	46.82	1 Jan 2021	10,287	220	0	3	57,813
廣州越達投資有限責任公司	0601-F	an associate of the Manager	126.99	1 Jan 2021	27,901	220	0	3	156,806
Guangzhou City Construction and Development Co. Ltd. ("GCCD")	0601-G, H	an associate of the Manager	877.03	1 Jan 2019	194,701	222	0	3	1,144,684
Guangzhou Yuexiu Financial Holdings Co., Ltd.	0601-I	an associate of the Manager	160.05	1 Jul 2020	35,531	222	0	1.5	225,265
GCCD	0601-J	an associate of the Manager	179.12	1 Aug 2020	39,765	222	0	1.42	244,545
Guangzhou Futures Co., Ltd.	1004	an associate of the Manager	252.46	31 Dec 2020	57,308	227	0	1	312,663
Guangzhou Futures Co., Ltd.	1005-1006	an associate of the Manager	495.45	1 Apr 2020	112,467	227	0	1.75	667,948
Guangzhou Futures Co., Ltd.	1007-1012	an associate of the Manager	1,486.52	1 Jan 2019	337,441	227	0	3	1,894,719
廣州東耀房地產開發有限公司	1401	an associate of the Manager	3,071.42	1 Jan 2019	746,355	243	0	3	4,649,191
廣州市祥港房地產開發有限公司	1501	an associate of the Manager	3,141.03	1 Jan 2019	747,565	238	0	3	4,656,728
GCCD	1601	an associate of the Manager	3,156.79	1 Jan 2019	751,316	238	0	3	4,680,095
廣州越達投資有限責任公司	1701-A	an associate of the Manager	1,585.09	1 Jan 2021	395,971	250	0	3	2,225,393
Guangzhou Yue Tong Expressway Operations and Management Co., Ltd. ("Yue Tong")	1701-B	an associate of the Manager	261.29	1 Jan 2021	65,273	250	0	3	366,840
Guangzhou Yue Peng Information Ltd. ("Yue Peng")	1701-C	an associate of the Manager	266.86	1 Jan 2021	66,664	250	0	3	374,657
Guangzhou Suiqiao Development Co., Ltd. ("Suiqiao")	1701-D	an associate of the Manager	200.99	1 Jan 2021	50,209	250	0	3	282,179
廣州越達投資有限責任公司	1701-E	an associate of the Manager	855.96	1 Jan 2021	213,827	250	0	3	1,201,728
YXE ⁽²⁾	2604	an associate of the Manager	544.25	1 Jan 2021	119,217	219	0	0.25	712,701
廣州越秀資本投資管理有限公司	3301	an associate of the Manager	274.77	15 Sep 2019	70,655	257	0	2.95	393,032
廣州越秀資本投資管理有限公司	3309, 3310, 3311, 3312	an associate of the Manager	1,095.81	1 Mar 2019	292,216	267	0	2.50	1,621,633
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. ⁽³⁾	3406-A	an associate of the Manager	207.00	1 Apr 2020	55,397	268	0	1	329,198
Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd	3809, 3810	an associate of the Manager	562.40	1 Apr 2021	139,261	248	0	3	401,458
GZAM ⁽⁴⁾	4001, 02, 03, 05, 06	an associate of the Manager	2,882.42	1 May 2018	713,741	248	0	3	4,225,225
YXE	4606	an associate of the Manager	558.37	1 Jan 2018	138,263	248	0	4.83	842,311
YXE ⁽⁵⁾	5004-B	an associate of the Manager	282.54	25 Mar 2020	68,617	243	0	1.02	408,811
YXE	5604	an associate of the Manager	533.50	25 Mar 2019	142,267	267	0	3.02	810,563
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL")	5607	an associate of the Manager	134.16	31 Dec 2020	16,610	124	0	2.50	92,408
YXE	5801-A, 05-A, 06-E, 07-A	an associate of the Manager	734.15	1 Jun 2019	204,863	279	0	3	1,208,488

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
廣州東耀房地產開發有限公司	5801-B, 02, 03, 04-A	an associate of the Manager	1,196.58	1 Jun 2019	333,904	279	0	3	1,969,704
GZAM	5804-B	an associate of the Manager	242.29	1 Jun 2019	67,610	279	0	3	398,834
Yuexiu (China) Transport Infrastructure Investment Co., Ltd.	5804-C	an associate of the Manager	262.73	1 Jun 2019	73,314	279	0	3	432,481
Guangzhou Yuexiu Financial Holdings Co., Ltd.	5805-B, 06-A, 06-B	an associate of the Manager	721.10	1 Jul 2020	201,221	279	0	1.92	1,187,005
Guangzhou Yuexiu Financial Leasing Co., Ltd.	5806-C	an associate of the Manager	133.50	1 Jun 2019	37,253	279	0	3	219,756
Guangzhou Paper Group Ltd.	5806-D	an associate of the Manager	85.49	1 Jun 2019	23,856	279	0	3	140,726
YXE ⁽¹⁾	5807-B	an associate of the Manager	85.49	1 Jun 2019	23,856	279	0	3	140,726
YXE	6201	an associate of the Manager	3,330.29	30 Aug 2020	1,110,097	333	0	3	6,410,633
Guangzhou Yuexiu Financial Holdings Co., Ltd.	6301-A, E	an associate of the Manager	696.58	1 Jul 2020	245,722	353	0	1.5	1,423,641
Guangzhou Yuexiu Financial Holdings Co., Ltd.	6301-B, C	an associate of the Manager	1,742.17	1 Jul 2020	614,560	353	0	1.5	3,560,580
Guangzhou Yuexiu Financial Holdings Co., Ltd.	6301-D, F	an associate of the Manager	860.73	1 Jul 2020	288,345	335	0	1.5	1,717,525
YXE	6401, 6501	an associate of the Manager	6,509.02	1 Jan 2019	2,278,157	350	0	3	13,849,499
Yuexiu (China) Transport Infrastructure Investment Company Limited	Annex 440-A	an associate of the Manager	208.68	1 Jan 2021	40,067	192	0	1	238,426
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ("GZYFHC")	Annex 440-B	an associate of the Manager	189.75	1 Jan 2019	34,914	184	0	1	733
Guangzhou Yuexiu Financial Holdings Co., Ltd.	Annex 440-B/G	an associate of the Manager	220.12	1 Jan 2021	42,263	192	0	1	251,494
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	Annex 440-C	an associate of the Manager	148.73	1 Jan 2021	28,556	192	0	1	169,928
廣州越秀商業地產投資管理有限公司	Annex 440-D	an associate of the Manager	342.09	1 Jan 2021	65,681	192	0	1	390,848
GCCD	Annex 440-E	an associate of the Manager	836.56	1 Jan 2021	160,620	192	0	1	955,799
廣州市城建開發集團名特網絡發展有限公司	Annex 440-F	an associate of the Manager	174.36	1 Jan 2021	33,477	192	0	1	199,210
YXE	Annex 440-H	an associate of the Manager	559.01	1 Jan 2021	107,330	192	0	1	638,687
Guangzhou Yuexiu Financial Technology Co., Ltd.	Annex 440-I	an associate of the Manager	141.18	1 Jan 2021	27,107	192	0	1	161,305
Guangzhou Futures Co., Ltd.	Annex 440-J	an associate of the Manager	25.17	1 Jan 2021	4,833	192	0	1	28,759
GZ JLL	Annex 440-K	an associate of the Manager	14.42	1 Jan 2021	2,769	192	0	1	16,478
Guangzhou Yuexiu Business Operation Management Co., Ltd.	Annex 440-L	an associate of the Manager	8.7	1 Jan 2021	1,670	192	0	1	9,937
GZ JLL	Carpark	an associate of the Manager	71,082.79	1 Jan 2021	1,390,835	20	0	1	8,276,420
Sub-Total:									78,939,210

- (1) On 5 August 2021, Guangzhou Yuexiu Enterprises Holdings Ltd. ("YXE"), its registered Chinese corporate name has been changed from "廣州越秀企業集團有限公司" to "廣州越秀企業集團股份有限公司". The English name of YXE remains to be Guangzhou Yuexiu Enterprises Holdings Ltd.
- (2) On 1 April 2021, YXE entered into a lease with GZIFC, to renew the lease of Unit 2604 of GZIFC for a term of nine month commencing from 1 April 2021, and the unit price of rent remained unchanged.
- (3) On 1 April 2021, Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 3406-A of GZIFC for a term of six month commencing from 1 April 2021, and the unit price of rent remained unchanged.
- (4) On 1 May 2021, GZAM entered into a lease with GZIFC, to renew the lease of Unit 4001, 4002, 4003, 4005, 4006 of GZIFC, for a term of three year commencing from 1 May 2021, the monthly rent adjusted to RMB 749,429, and the unit price of rent adjusted to RMB 260/m²/month.
- (5) On 1 April 2021, YXE entered into a lease with GZIFC, to renew the lease of Unit 5004B of GZIFC for a term of three month commencing from 1 April 2021, and the unit price of rent remained unchanged.
- (6) On 1 January 2021, YXE entered into a lease with GZIFC, to renew the lease of Unit 5807-B of GZIFC, the tenant of which has been changed into Guangzhou Yuexiu Fengxing Foods Co., Ltd. ("YX Fengxing Foods") for a term of 1.41 year commencing from 1 January 2021, and the unit price of rent remained unchanged.

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
Fortune Plaza									
Yicheng	Carpark	an associate of the Manager	1,408.29	19 Nov 2019	195,834	139	0	3	1,164,283
廣州市城建開發集團名特網絡發展有限公司	West 2401	an associate of the Manager	997.66	1 Oct 2020	152,023	152	0	3	847,343
Sub-total:									2,011,626

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
Yue Xiu Tower									
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai")	2801-05	an associate of the Manager	1,444.18	1 Dec 2019	398,275	276	0	2.25	2,370,270
Shanghai Yuexiu Finance Leasing Co., Ltd.	2101, 05-07	an associate of the Manager	1,006.41	1 May 2017	306,116	304	0	5	1,868,287
Guangzhou Yuexiu Asset Management Company Limited Shanghai	310B, 301A, 301B	an associate of the Manager	495.17	1 Nov 2020	136,307	275	0	3.17	810,097
Shanghai Yuexiu Finance Leasing Co., Ltd.	1202, 03, 04, 05B	an associate of the Manager	788.41	30 Dec 2020	223,740	284	0	3	1,286,754
廣期資本管理(深圳)有限公司 ⁽¹⁾	701, 707A, 708	an associate of the Manager	539.81	29 Sep 2020	125,098	232	0	3	723,455
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd Shanghai Branch ("YichengShanghai")	Carpark	an associate of the Manager	13,502.58	1 Jan 2021	142,857	11	0	3	850,097
廣州資產管理有限公司	1201A, 06A, 07, 08	an associate of the Manager	724.14	31 May 2021	205,575	284	0	2.58	215,043
Shanghai Yuexiu Finance Leasing Co., Ltd.	1205A, 06B	an associate of the Manager	101.03	31 May 2021	28,681	284	0	2.58	30,002
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	1201B	an associate of the Manager	181.24	31 May 2021	51,452	284	0	2.58	53,821
Guangzhou Futures Co., Ltd.	1503	an associate of the Manager	317.77	1 Jun 2021	73,651	232	0	3	70,671
Sub-total:									8,278,497

(1) On 1 March 2021, 廣期資本管理(深圳)有限公司 was renamed as 廣期資本管理(上海)有限公司.

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
Wuhan Properties									
武漢越秀商業管理有限公司	3401-3408	an associate of the Manager	2,434.81	16 Jul 2018	231,890	95	0	5.05	1,465,566
武漢越秀商業管理有限公司	3409	an associate of the Manager	80.46	16 Jul 2018	3,066	38	0	5.05	18,232
廣州越秀城房地產開發有限公司	5801, 5802	an associate of the Manager	2,638.6	1 Jan 2021	351,806	133	0	0.50	2,110,836
武漢越秀商業管理有限公司	6001C	an associate of the Manager	884.39	1 Jan 2021	117,916	133	0	1	701,681
Guangzhou Yuexiu Xingye Property Agent Ltd. Wuhan	6101A	an associate of the Manager	339.83	27 Dec 2020	47,576	140	0	3.01	281,822
廣州城建開發工程造價諮詢有限公司	6101B	an associate of the Manager	398.94	27 Dec 2020	55,852	140	0	3.01	330,847
廣州城建開發工程造價諮詢有限公司	6101C	an associate of the Manager	280.88	27 Dec 2020	39,323	140	0	1.01	230,837
廣州城建開發設計院有限公司	6101D	an associate of the Manager	732.17	1 Jan 2021	102,504	140	0	3	609,969
Guangzhou Yicheng Business Operation Management Co., Limited									
Whuhan Branch("Yicheng Wuhan") ⁽¹⁾	6201A	an associate of the Manager	875.91	1 Jan 2018	120,959	138	0	5	726,176
武漢康景實業投資有限公司	6201B, 6301	an associate of the Manager	2707.10	1 Sep 2017	373,838	138	0	5	2,250,112
武漢越秀商業管理有限公司	6701	an associate of the Manager	917.55	1 Jan 2021	132,182	144	0	0.50	793,092
廣州城建開發宏城車場物業管理有限公司 ⁽²⁾	Carpark	an associate of the Manager	47,182.94	1 Jan 2021	625,000	13	0	3	3,719,178
廣州城建開發宏城車場物業管理有限公司 ⁽²⁾	Carpark	an associate of the Manager	15,602.82	1 Jan 2021	290,000	19	0	3	1,725,699
武漢越秀商業管理有限公司	Advertising Space of Carpark	an associate of the Manager	20 Advertising Space	1 Oct 2018	142,860	N/A	0	3	857,160
Yi Cheng Wuhan	6001A, 6001B	an associate of the Manager	886.78	1 Jan 2021	124,149	140	0	1	738,772
GCCD	Advertising Space	an associate of the Manager	N/A	1 Jan 2021	666,667	N/A	0	1	4,000,000
湖北悅秀房地產經紀有限公司	A1022	an associate of the Manager	40.22	1 Apr 2021	3,722	93	0	1	11,135
								Sub-total:	20,571,114

(1) On 1 January 2021, Yi Cheng Wuhan entered into a lease with Wuhan Yuexiu Property Development Limited to renew the lease of 6201A of Wuhan Properties, the tenant of which has been changed into 廣州東秀房地產開發有限公司, for a term of 1.67 year commencing from 1 January 2021, and the unit price of rent adjusted to RMB 160/m²/month.

(2) On 4 June 2021, 廣州城建開發宏城車場物業管理有限公司 was renamed as 廣州匯城實業發展有限公司.

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
Hangzhou Victory									
杭州越秀房地產開發有限公司	202-2, 301-1, 302-2, 1703, 1801, 1802, 1803	an associate of the Manager	2,311.55	20 Sep 2018	310,231	134	0	3.03	1,882,890
杭州越秀房地產開發有限公司	302-1	an associate of the Manager	430.31	15 Mar 2019	47,334	110	0	2.55	273,496
Guangzhou Yuexiu Xingye Property Agent Ltd. Hangzhou	601-1	an associate of the Manager	188.25	20 Dec 2018	22,590	120	0	3	123,234
杭州盛真房地產開發有限公司	1201	an associate of the Manager	336.65	1 Oct 2019	40,510	120	0	2	247,602
廣州越秀融資租賃有限公司杭州富陽分公司	1202	an associate of the Manager	579.93	1 Jan 2021	80,257	138	0	3	445,080
杭州盛真房地產開發有限公司	1701	an associate of the Manager	336.65	1 Oct 2020	54,242	161	0	1	310,572
杭州豐勝房地產開發有限公司	1702	an associate of the Manager	579.93	20 Sep 2018	88,149	152	0	3.03	535,006
杭州越秀房地產開發有限公司	Carpark	an associate of the Manager	22,844.06	1 Jan 2021	187,500	8	0	3	1,115,753
廣州城建開發設計院有限公司	403	an associate of the Manager	340.6	25 Dec 2020	36,506	107	0	3	220,788
								Sub-total:	5,154,421

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)	Rental income during 2021	
								Term (years)	Interim Period (RMB)
White Horse Building									
廣州白馬電子商務股份有限公司	1309	an associate of the Manager	12.82	1 Mar 2020	13,308	1,038	0	3.83	72,212
廣州白馬電子商務股份有限公司	1315	an associate of the Manager	28.05	1 Mar 2020	30,150	1,075	0	3.83	179,179
廣州白馬電子商務股份有限公司	1316	an associate of the Manager	22.86	1 Mar 2020	24,571	1,075	0	3.83	146,022
								Sub-total	397,413
								Total:	122,425,654

APARTMENT SERVICE

Certain connected party (as defined in the REIT Code) of Yuexiu REIT in relation to the Manager provided apartment service to Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd Four Season Branch. Details are as follows:

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)	Lease payment during 2021	
								Term (years)	Interim Period (RMB)
廣州越秀星寓公寓管理有限公司	Guangzhou Tianhe District 邦華名悅 property	an associate of the Manager	7,411.05	1 Dec 2019	859,961	116	0	3	5,367,000

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 2021 Interim Period (RMB)
Guangzhou Baima Business Operation Management Co. Ltd ("Baima BM")	an associate of the Manager	White Horse Building	1 Jan 2020	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Fortune Plaza	1 Jan 2020	Property Management Agreement	N/A
Yicheng	an associate of the Manager	City Development Plaza	19 Jul 2019	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
GZ JLL	an associate of the Manager	GZIFC	1 Sep 2019	Property Management Agreement	N/A
Yicheng Shanghai	an associate of the Manager	Yue Xiu Tower	1 Jan 2021	Property Management Agreement	N/A
Yicheng Wuhan	an associate of the Manager	Wuhan Properties	1 Jan 2021	Property Management Agreement	N/A
Yicheng Hangzhou	an associate of the Manager	Hangzhou Victory	31 Aug 2017 ⁽¹⁾	Property Management Agreement	N/A

(1) Yicheng Hangzhou entered into a supplemental property management agreement with Hangzhou Yuehui Real Estate Development Co., Ltd., extending the service period to 31 August 2023, and other terms remain unchanged.

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 2021 Interim Period (RMB)
Baima BM	an associate of the Manager	White Horse Building	1 Jan 2021	Tenancy Services Agreement	4,196,000
Yicheng	an associate of the Manager	Fortune Plaza	1 Jan 2021	Tenancy Services Agreement	1,377,000
Yicheng	an associate of the Manager	City Development Plaza	1 Jan 2021	Tenancy Services Agreement	1,336,000
Yicheng	an associate of the Manager	Victory Plaza	1 Jan 2021	Tenancy Services Agreement	1,391,000
Yicheng	an associate of the Manager	Fortune Plaza 1701	1 Jan 2021	Tenancy Services Agreement	32,000
GZAM	an associate of the Manager	GZIFC	1 Jan 2021	Tenancy Services Agreement	7,465,000
Guangzhou Yuexiu Asset Management Co., Ltd. Shanghai Branch	an associate of the Manager	Yue Xiu Tower	1 Jan 2021	Tenancy Services Agreement	1,818,000
Yicheng Wuhan	an associate of the Manager	Wuhan Properties	1 Jan 2021	Tenancy Services Agreement	3,602,000
Yicheng Hangzhou	an associate of the Manager	Hangzhou Victory	1 Jan 2021	Tenancy Services Agreement	659,000

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 2021 Interim Period	Licence maturity date
Baima BM	an associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	27 November 2026, 6 December 2026, 13 January 2027, 13 December 2026, 20 January 2027
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 to Guangzhou Yue Xiu Holdings Limited ("GZYX").

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 2021 Interim Period (RMB)	Nature of Transaction	Amount received/receivable for 2021 Interim Period (RMB)
GCCD	an associate of the Manager	4 May 2012	40,720,000	Interest on the balance of construction payable	1,738,000

ORDINARY BANKING SERVICES

Name	Nature of transaction	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/payable within the 2021 Interim Period	Amount of interest paid/payable within the 2021 Interim Period (RMB)
Chong Hing Bank	Loan ⁽¹⁾	an associate of the Manager	Nov 2016	121,146,000	—	2,705,000

(1) Chong Hing Bank Limited was one of the lending banks.

Name	Nature of transaction	Relationship with Yuexiu REIT	The balance of bank deposits amount as at 30 June 2021 (RMB)	The highest daily aggregate amount of bank deposits within the 2021 Interim Period (RMB)	Amount of interest received/receivable within the 2021 Interim Period (RMB)
Chong Hing Bank	Bank deposits	an associate of the Manager	52,864,079	52,864,079	427,000

CONNECTED PARTY TRANSACTIONS

FINANCING OF THE DEFERRED COMPLETION PAYMENT

Name	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/payable within the 2021 Interim Period (RMB)	Amount of interest paid/payable within the 2021 Interim Period (RMB)
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") ⁽¹⁾	An associate of the Manager	21 Dec 2017	20,000	—	—

(1) On 21 December 2018, Yuexiu REIT repaid the deferred completion payment of approximately RMB 803,783,000 to GCD (China), the balance of approximately RMB 20,000 will be settled upon payment of tax by the counterparty.

NAMING RIGHTS AGREEMENT

Name	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount received/receivable for 2021 Interim Period (RMB)	Naming Rights Period
GCCD	An associate of the Manager	Wuhan Properties	naming rights	7,000,000	1 January 2021 to 31 December 2021

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 4 December 2017, 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 15 November 2017.

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:

ORDINARY BANKING SERVICES

Name	Nature of transaction	Date of agreement	Principal amount	Amount of interest paid/payable within the 2021 Interim Period
HSBC Group	Loan ⁽¹⁾	Nov 2019	HK\$830,000,000	RMB5,964,000

Name	Nature of transaction	Date of agreement	Nominal amount	Payable as at 30 June 2021
HSBC Group	Foreign Exchange Hedging ⁽²⁾	September 2020	HK\$400,000,000	RMB11,567,000

(1) HSBC Group was one of the lending banks.

(2) HSBC Group was one of the participating banks

CORPORATE FINANCE TRANSACTIONS

Name	Nature of Transaction	Date of agreement	Amount of fees paid/payable/amortized within the 2021 Interim Period
HSBC Group	Bond ⁽³⁾	—	RMB1,000

(3) HSBC Group was one of the underwriters.

GZI REIT (Holding) 2005 Company Limited, Partat, Keen Ocean, Full Estates, Moon King, 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 2021 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.

CONNECTED PARTY TRANSACTIONS

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

The Trustee and the Manager both confirm that, with respect to the corporate finance transaction entered into with the HSBC Group under review,: (i) the general conditions under the Waiver (details of which were disclosed in Yuexiu REIT's offering circular dated 12 December 2005) were complied with; and (ii) the Trustee was not involved in the making of any decision to enter into such transaction on behalf of Yuexiu REIT (subject to its duties of oversight under the REIT Code and the Trust Deed).

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.

MANAGER'S FEES

During the 2021 interim period, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB71,078,000, 80% of which was settled by the issuance of new Units, and 20% was settled in cash.

TRUSTEE'S FEES

During the 2021 interim period, the aggregate amount of fees paid/payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB5,212,000.

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 2021		As at 30 June 2021		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Ms. Ou Haijing	Personal	1,000	0.000030%	1,000	0.000030%	—
Mr. Li Feng	Personal	1,825	0.000055%	1,825	0.000055%	—
Mr. Zeng Zhizhao (appointed on 4 March 2021)	—	Nil	—	Nil	—	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—
Mr. Cheung Yuk Tong	—	Nil	—	Nil	—	—
Mr. Chen Xiaou	—	Nil	—	Nil	—	—

Note:

Mr. Cheng Jiuzhou resigned as an Executive Director and Mr. Zeng Zhizhao was appointed as a Non-executive Director on 4 March 2021.

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 2021		As at 30 June 2021		
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	% Change of interest
Guangzhou Yue Xiu Holdings Limited ("GZYX") ⁽¹⁾	Deemed	1,727,319,338 ⁽³⁾	52.29% ⁽⁴⁾	1,743,493,804 ⁽³⁾	52.53% ⁽⁵⁾	0.24%
	Total	1,727,319,338 ⁽³⁾	52.29% ⁽⁴⁾	1,743,493,804 ⁽³⁾	52.53% ⁽⁵⁾	0.24%
Yue Xiu	Beneficial	27,320	—	27,320 ⁽³⁾	—	—
	Deemed	1,727,292,018 ⁽³⁾	52.29% ⁽⁴⁾	1,743,466,484 ⁽³⁾	52.53% ⁽⁵⁾	0.24%
	Total	1,727,319,338 ⁽³⁾	52.29% ⁽⁴⁾	1,743,493,804 ⁽³⁾	52.53% ⁽⁵⁾	0.24%
	YXP ⁽²⁾	Beneficial	—	—	—	—
	Deemed	1,656,057,753 ⁽³⁾	50.14% ⁽⁴⁾	1,672,232,219 ⁽³⁾	50.38% ⁽⁵⁾	0.24%
	Total	1,656,057,753 ⁽³⁾	50.14% ⁽⁴⁾	1,672,232,219 ⁽³⁾	50.38% ⁽⁵⁾	0.24%
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	1,570,125,730 ⁽³⁾	47.53% ⁽⁴⁾	1,570,125,730 ⁽³⁾	47.30% ⁽⁵⁾	(0.23%)
	Deemed	—	—	—	—	—
	Total	1,570,125,730 ⁽³⁾	47.53% ⁽⁴⁾	1,570,125,730 ⁽³⁾	47.30% ⁽⁵⁾	(0.23%)

(1) Further information in relation to interests of corporations controlled by GZYX as at 30 June 2021;

CONNECTED PARTY TRANSACTIONS

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYX	100.00	Y	27,320	—
Yue Xiu	GZYX	100.00	N	1,743,466,484 ⁽³⁾	—
Bosworth International Limited	Yue Xiu	100.00	Y	5,698,282	—
YXP	Yue Xiu	39.78	N	1,672,232,219 ⁽³⁾	—
Dragon Yield	YXP	100.00	Y	1,570,125,730 ⁽³⁾	—
Yue Xiu International Investment Limited ("YXII")	YXP	100.00	Y	102,106,489	—
Novena Pacific Limited	Yue Xiu	100.00	Y	1,414,207	—
Morrison Pacific Limited	Yue Xiu	100.00	Y	395,122	—
Greenwood Pacific Limited	Yue Xiu	100.00	Y	339,342	—
Goldstock International Limited	Yue Xiu	100.00	Y	88,082	—
Yuexiu Capital Holdings Limited	Yue Xiu	100.00	Y	62,000,000	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,299,230	—

- (2) The deemed interest as at 30 June 2021 in 1,672,232,219 Units were held through Dragon Yield and YXII, both are wholly-owned subsidiaries of YXP.
- (3) The number of units includes 399,401,494 deferred units. Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to YXP (or YXP's 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 GZYX and Yue Xiu will be approximately 40.202%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 38.045% and 35.443% respectively.
- (5) After deducting the unissued deferred units, the approximate interest held by GZYX and Yue Xiu will be approximately 40.49%, while the approximate interest in Yuexiu REIT held by Yuexiu Property and Dragon Yield will be approximately 38.35% and 35.27% respectively.

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 2021		As at 30 June 2021		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Liu Bihong	Personal	225	0.000007%	225	0.000007%	—

HOLDINGS OF OTHER CONNECTED PERSON

Name	Nature of interest	As at 1 January 2021		As at 30 June 2021		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Trustee	Deemed ⁽¹⁾	14,150	0.00043%	—	0%	(0.00043%)

(1) Associated company of the trustee (as defined in the REIT Code) were beneficially interested in such units as at 30 June 2021.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Collier, holding any Units as at 30 June 2021.

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 43 to 86, 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 2021 and the 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-month period 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.

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9 August 2021

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	6	881,684	831,135
Operating expenses, net	7	(416,317)	(357,854)
Fair value gains/(losses) on investment properties	14	18,513	(256,858)
Change in fair value of			
– support arrangement asset	17	—	(1,760)
– derivative financial instruments	18	6,326	(36,851)
Write back of construction payable		—	174,882
Finance income	9	144,987	15,930
Finance expenses, net	10	(244,112)	(472,282)
Profit/(loss) before income tax and transactions with unitholders		391,081	(103,658)
Income tax expense	11	(105,482)	(108,421)
Profit/(loss) after income tax before transactions with unitholders		285,599	(212,079)
Transactions with unitholders	25	(255,061)	213,759
Profit after income tax after transactions with unitholders		30,538	1,680
Other comprehensive loss 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		(15,289)	(2,893)
– Tax		4,284	813
Other comprehensive loss for the period, net of tax		(11,005)	(2,080)
Total comprehensive income/(loss) for the period		19,533	(400)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to					Total RMB'000
	Unitholders before transactions with unitholders	Transactions with unitholders (Note 25)	Unitholders after transactions with unitholders	Non- controlling interests		
Unaudited	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
(Loss)/profit for the period ended 30 June 2020	(211,698)	213,759	2,061	(381)		1,680
Other comprehensive loss:						
<u>Items that will not be reclassified to profit or loss:</u>						
Change in fair value of property, plant and equipment, net of tax	(2,061)	—	(2,061)	(19)		(2,080)
Total comprehensive (loss)/income for the period ended 30 June 2020	(213,759)	213,759	—	(400)		(400)
Profit/(loss) for the period ended 30 June 2021	265,953	(255,061)	10,892	19,646		30,538
Other comprehensive loss:						
<u>Items that will not be reclassified to profit or loss:</u>						
Change in fair value of property, plant and equipment, net of tax	(10,892)	—	(10,892)	(113)		(11,005)
Total comprehensive income/(loss) for the period ended 30 June 2021	255,061	(255,061)	—	19,533		19,533

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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, third supplemental deed on 25 July 2012, fourth supplemental deed dated 3 April 2020 and fifth supplemental deed on 28 May 2021 (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 interim condensed 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 interim condensed consolidated balance sheet and how distributions are disclosed in the interim condensed consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement.
- (ii) Earnings/(losses) per unit, based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders and the weighted average number of units in issue, is presented in Note 26.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment	12	2,115,771	2,157,795
Right-of-use assets	13	1,270,893	1,300,522
Investment properties	14	29,730,000	29,700,000
Deferred assets, prepayment, deposits and other receivables	15	191,234	261,566
Goodwill	16	859,868	859,868
		34,167,766	34,279,751
Current assets			
Inventories		3,965	4,280
Trade receivables	19	19,346	16,065
Amounts due from related parties	27	42,675	49,574
Deferred assets, prepayments, deposits and other receivables		105,938	70,979
Tax recoverable		4,072	4,072
Support arrangement asset	17	—	9,786
Short-term bank deposits	20	23,463	23,135
Cash and cash equivalents	20	1,769,966	1,802,495
		1,969,425	1,980,386
Total assets		36,137,191	36,260,137
Equity			
Revaluation reserve		364,632	375,524
Accumulated losses		(364,632)	(375,524)
		—	—
Non-controlling interests		1,207,636	1,188,103
Total equity		1,207,636	1,188,103

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Current liabilities			
Trade payables	22	19,139	19,244
Rental deposits, current portion	23	147,974	149,654
Receipts in advance	23	85,720	92,935
Accruals and other payables	23	409,953	431,360
Amounts due to related parties	27	115,543	108,523
Derivative financial instruments	18	—	174,826
Borrowings	24	842,461	3,307,488
Lease liabilities	13	10,490	10,033
Tax payables		104,271	111,792
		1,735,551	4,405,855
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	23	217,441	202,956
Borrowings	24	13,175,076	10,693,312
Deferred tax liabilities	21	5,060,238	4,996,679
Derivative financial instruments	18	172,350	178,676
Lease liabilities	13	4,596	9,993
		18,629,701	16,081,616
Total liabilities, other than net assets attributable to unitholders		20,365,252	20,487,471
Net assets attributable to unitholders	25	14,564,303	14,584,563
Total equity and liabilities		36,137,191	36,260,137
Net current assets/(liabilities)		233,874	(2,425,469)
Units in issue ('000)	25	3,319,288	3,303,113
Net assets attributable to unitholders per unit (RMB)		RMB4.39	RMB4.42

On behalf of the Board of Directors of Yuexiu REIT Asset Management Limited as the Manager of Yuexiu REIT.

Director

Director

The notes on page 52 to 86 are an integral part of these consolidated financial statements.

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders		265,953	(211,698)
Adjustments for the total distributable income (i)			
– Fair value (gains)/losses on investment properties		(19,174)	227,717
– Deferred taxation in respect of fair value (gains)/losses on investment properties charged/(credited) to profit or loss		3,049	(36,977)
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(188,852)	(189,024)
– Foreign exchange gains on financing activities		(133,696)	—
– Fair value gains on derivative financial instruments		(6,326)	—
– Fair value loss on support arrangement asset		—	1,760
– Write back of construction payables, net of tax		—	(124,631)
		(79,046)	(332,853)
Additional items (ii)			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		188,852	189,024
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)		64,004	65,109
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		49,126	50,036
– Manager’s fee paid and payable in units in lieu of cash		56,863	59,110
– Fair value losses on derivative financial instruments		—	36,851
– Losses/(gains) on settlement of derivative financial instruments		30,422	(28,891)
– Foreign exchange losses on financing activities		—	235,073
– Support arrangement asset receivable		—	13,161
– Surplus cash from write back of construction payables		30,000	32,000

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Distributable income after additional items		340,221	318,620
Distributable amount at 1 January		329,990	336,948
Distribution paid during the period (iii)	25	(329,937)	(336,797)
Interim distribution declared (iv)		340,274	318,771
Distribution per unit, declared (iv)		RMB0.1025	RMB0.0990

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 interim 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) A distribution of RMB0.0994 per unit, totaling RMB329,937,000 (equivalent to HK\$ 395,084,000), was paid to unitholders on 26 May 2021.
- (iv) A final distribution in respect of the six months ended 30 June 2021 of RMB0.1025 (equivalent to HK\$0.1233) per unit, totaling RMB340,274,000 (equivalent to HK\$409,269,000) will be declared by the Board of the Manager on 9 August 2021.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2021 as disclosed in Note 25.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Net assets attributable to unitholders RMB'000	Equity			Total RMB'000
		Accumulated losses RMB'000	Revaluation reserve RMB'000	Non-controlling interests RMB'000	
At 1 January 2020	14,599,360	(419,655)	419,655	1,205,395	15,804,755
Issuance of units (Note 25)	48,127	—	—	—	48,127
(Loss)/profit for the period attributable to:					
– Unitholders	(213,759)	—	—	—	(213,759)
– Equity holders	—	2,061	—	(381)	1,680
Distributions paid to unitholders	(336,797)	—	—	—	(336,797)
Change in fair value of property, plant and equipment, net of tax	—	—	(2,061)	(19)	(2,080)
At 30 June 2020	14,096,931	(417,594)	417,594	1,204,995	15,301,926
At 1 January 2021	14,584,563	(375,524)	375,524	1,188,103	15,772,666
Issuance of units (Note 25)	54,616	—	—	—	54,616
Profit for the period attributable to:					
– Unitholders	255,061	—	—	—	255,061
– Equity holders	—	10,892	—	19,646	30,538
Distributions paid to unitholders	(329,937)	—	—	—	(329,937)
Change in fair value of property, plant and equipment, net of tax	—	—	(10,892)	(113)	(11,005)
At 30 June 2021	14,564,303	(364,632)	364,632	1,207,636	15,771,939

The notes on page 52 to 86 are an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	565,223	400,149
Interest paid	(178,962)	(250,553)
Corporate income tax paid	(45,160)	(46,133)
Support arrangement asset received (Note 17)	9,786	2,841
Net cash generated from operating activities	350,887	106,304
Cash flows from investing activities		
Additions of investment properties (Note 14)	(30,671)	(2,858)
Additions of property, plant and equipment (Note 12)	(13,288)	(4,032)
Interest received (Note 9)	11,291	15,930
Increase in short-term bank deposits with original maturity of more than three months	(328)	(46,255)
Net cash used in investing activities	(32,996)	(37,215)
Cash flows from financing activities		
Distribution paid (Note 25)	(329,937)	(336,797)
Proceeds from borrowings, net of transaction costs	3,000,916	2,187,107
Repayment of borrowings	(2,865,400)	(1,956,047)
Issuance of units (Note 25)	54,616	48,127
Settlement of derivative financial instruments	(205,248)	49,861
Principal elements of lease payments	(5,367)	(5,160)
Net cash used in financing activities	(350,420)	(12,909)
Net (decrease)/increase in cash and cash equivalents	(32,529)	56,180
Cash and cash equivalents at beginning of the period	1,802,495	1,319,010
Cash and cash equivalents at end of the period	1,769,966	1,375,190

The notes on page 52 to 86 are an integral part of these consolidated financial statements.

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, Third Supplemental Deed dated 25 July 2012, Fourth Supplemental Deed dated 3 April 2020 and Fifth Supplemental Deed dated 28 May 2021) (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 17B, 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 9 August 2021.

This condensed consolidated interim financial information has not been audited.

The outbreak of the Coronavirus disease 2019 ("COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group including the rental revenue and fair value of investment properties and hotel and serviced apartments, allowance for expected credit losses on trade and other receivables and so on. Due to the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 doesn't have any material adverse impact on the financial position and operating result of the Group.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 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 2020 which have been prepared in accordance with HKFRS.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2020.

(A) NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

The following new and amended standards and interpretation are mandatory for the first time for the financial year beginning on or after 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform Phase 2
Amendments to HKFRS 16	COVID-19-related Rent Concessions

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

(b) The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018 - 2020		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Manager anticipate that the adoption of these new and amended standards and interpretation would not result in any significant impact on the results and financial position of the Group. The Group plans to adopt these new and amended standards and interpretation 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 2020.

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 2020.

There have been no significant 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 is 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 is measured in a manner consistent with that in the interim condensed 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 2021				
Revenue from external customers	195,538	465,108	221,038	881,684
Segment results	(7,928)	376,720	223,991	592,783
Depreciation	69,628	24	—	69,652
Fair value gains/(losses) on investment properties	—	(17,249)	35,762	18,513
Period ended 30 June 2020				
Revenue from external customers	120,114	468,356	242,665	831,135
Segment results	(46,979)	250,601	127,554	331,176
Depreciation	70,740	31	—	70,771
Fair value losses on investment properties	—	(167,548)	(89,310)	(256,858)
As at 30 June 2021				
Total reportable segments' assets	3,884,363	20,910,917	10,440,891	35,236,171
As at 31 December 2020				
Total reportable segments' assets	3,891,898	21,009,887	10,423,191	35,324,976

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Segment results	592,783	331,176
Fair value gains/(losses) on derivative financial instruments	6,326	(36,851)
Unallocated operating costs (Note)	(108,903)	(114,753)
Operating profit	490,206	179,572
Write back of construction payable	—	174,882
Finance income	144,987	15,930
Finance expenses, net	(244,112)	(472,282)
Change in fair value of support arrangement asset	—	(1,760)
Profit/(loss) before income tax and transactions with unitholders	391,081	(103,658)

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

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

	Unaudited	Audited
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Total reportable segments' assets	35,236,171	35,324,976
Corporate assets	901,020	935,161
Total assets	36,137,191	36,260,137

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

	Revenue Unaudited Six months ended 30 June		Total assets	
	2021	2020	Unaudited 30 June 2021	Audited 31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
China	881,684	831,135	35,236,171	35,324,976
Unallocated assets			901,020	935,161
			36,137,191	36,260,137

The Group's revenue by nature is as follows:

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Hotel and serviced apartments operations		
Room rentals	124,171	80,390
Food and beverages	64,393	34,537
Property rentals	686,146	711,021
Others	6,974	5,187
	881,684	831,135

The following is an analysis of the Group's revenue by timing of satisfaction of performance obligations:

	Unaudited 30 June 2021 RMB'000	Unaudited 30 June 2020 RMB'000
	Revenue recognised at a point in time	70,035
Revenue recognised overtime	124,171	80,390
Other sources	687,478	712,758
	881,684	831,135

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Property management fee (i)	21,876	22,348
Employee benefit expense	53,939	43,367
Real estate tax	80,771	49,501
Flood prevention fee, urban construction and maintenance tax, educational surcharge and local educational surcharge	4,984	4,812
Withholding tax (ii)	24,707	26,468
Depreciation of property, plant and equipment (Note 12)	40,023	41,142
Depreciation of right-of-use assets (Note 13)	29,629	29,629
Cost of inventories sold or consumed in operation	41,685	23,445
Other direct expenses on hotel and serviced apartments	31,704	24,694
Manager's fee (Note 8)	71,078	73,887
Trustee's fee	5,212	5,229
Valuation fee	374	498
Legal and professional fee	8,129	3,510
Auditor's remuneration	1,830	2,024
Bank charges	231	134
Exchange (gains)/losses from operating activities	(3,991)	1,223
Others	4,136	5,943
Total operating expenses, net	416,317	357,854

Note:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd., Guangzhou Baima Business Operation Management Co., Ltd. and Guangzhou Yuexiu Asset Management Company Limited (Note 27).
- (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	
	2021 RMB'000	2020 RMB'000
Manager's fee:		
In the form of units	56,863	59,110
In the form of cash	14,215	14,777
	71,078	73,887

Note:

- (i) Pursuant to the circular of Yuexiu REIT dated 30 June 2012 and subsequent announcement dated 15 January 2018, 15 January 2019, 15 January 2020 and 15 January 2021, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019, 1 January 2020 to 31 December 2020 and 1 January 2021 to 31 December 2021 respectively, will be paid in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the period ended 30 June 2021 are expected to be issued on 26 August 2021. 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 26 August 2021 and (ii) the average closing price of the units in the 10 trading days immediately preceding 26 August 2021.

9 FINANCE INCOME

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest income from bank deposits	9,553	6,575
Interest income from a related company (Note 27)	1,738	9,355
Foreign exchange gains on financing activities	133,696	—
	144,987	15,930

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 FINANCE EXPENSES, NET

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest expense for bank borrowings	94,076	165,570
Interest expense for other borrowings	84,886	84,983
Interest and finance charges paid/payable for lease liabilities (Note 13)	427	649
Amortisation of transaction costs for borrowings	14,918	15,344
Foreign exchange losses on financing activities	—	235,073
Loss/(gain) on settlement of derivative financial instruments	49,805	(29,337)
	244,112	472,282

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	
	2021 RMB'000	2020 RMB'000
Current income tax		
– China corporate income tax	37,639	36,759
Deferred income tax (Note 21)	67,843	71,662
	105,482	108,421

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 2020				
Opening net book amount as at				
1 January 2020	2,270,000	367	485	2,270,852
Additions	4,032	—	—	4,032
Disposal	(28)	—	—	(28)
Depreciation	(41,111)	(31)	—	(41,142)
Fair value loss on revaluation	(2,893)	—	—	(2,893)
Closing net book amount as at 30 June 2020				
	2,230,000	336	485	2,230,821
At 30 June 2020				
At fair value	2,230,000	—	—	2,230,000
At cost	—	336	485	821
	2,230,000	336	485	2,230,821
Six months ended 30 June 2021				
Opening net book amount as at				
1 January 2021	2,157,000	310	485	2,157,795
Additions	13,288	—	—	13,288
Depreciation	(39,999)	(24)	—	(40,023)
Fair value loss on revaluation	(15,289)	—	—	(15,289)
Closing net book amount as at 30 June 2021				
	2,115,000	286	485	2,115,771
At 30 June 2021				
At fair value	2,115,000	—	—	2,115,000
At cost	—	286	485	771
	2,115,000	286	485	2,115,771

If hotel and serviced apartments had not been revalued, it would have been included in the condensed consolidated interim financial information at historical cost less accumulated depreciation of RMB1,603,178,000 (31 December 2020: RMB1,629,889,000).

As at 30 June 2021, property, plant and equipment with an aggregate carrying amount of RMB1,882 million (31 December 2020: RMB1,883 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:

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balance	2,157,000	2,270,000
Additions	13,288	4,032
Disposal	—	(28)
Depreciation	(39,999)	(41,111)
Unrealised losses recognised in reserve	(15,289)	(2,893)
Closing balance	2,115,000	2,230,000
Changes in unrealised losses for the period included in other comprehensive income for assets held	(15,289)	(2,893)

VALUATION PROCESSES OF THE GROUP

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments was revalued by Colliers International (Hong Kong) Limited, being independent qualified valuer not related to the Group as at 30 June 2021 and 31 December 2020.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer 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 the building element of hotel and serviced apartments of Guangzhou International Financial Center ("GZIFC") is derived using the depreciated replacement cost method.

The depreciated replacement cost method involves estimation of the market redevelopment costs of the building portion of hotel and serviced apartments of GZIFC which includes building costs, finance costs and professional fee. Depreciation is also considered to reflect the physical deterioration, functional and economic obsolescence to derive the fair value.

The overall fair value (including land and building elements) of hotel and serviced apartments in China is derived using the discounted cash flow analysis. Due to lack of land transaction in market, fair value of land, for disclosure purpose only as set out in Note 13, is therefore calculated as the difference between the fair value under discounted cash flow analysis and the fair value under depreciated replacement cost method.

In the course of discounted cash flow analysis, both income and expenses over the coming five 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 five-year period is discounted at an appropriate rate of return.

The net cash flow from sixth 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 PROPERTY, PLANT AND EQUIPMENT (continued)

SIGNIFICANT INPUTS USED TO DETERMINE FAIR VALUE

Building costs are estimated by reference to market construction costs of other similar buildings. The higher the building costs, the higher the fair value.

The adopted valuation assumptions under the depreciated replacement cost method are summarised as follows:

As at 30 June 2021

	Depreciated replacement cost method		
	Building cost (RMB/m ²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	19,380	4.75	6
Serviced apartments	15,810	4.75	6

As at 31 December 2020

	Depreciated replacement cost method		
	Building cost (RMB/m ²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	19,000	4.75	6
Serviced apartments	15,500	4.75	6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 LEASE

	Land use rights RMB'000	Staff quarter RMB'000	Total RMB'000
Right-of-use assets			
At 1 January 2020	1,330,684	29,100	1,359,784
Depreciation	(24,642)	(4,987)	(29,629)
At 30 June 2020	1,306,042	24,113	1,330,155
At 1 January 2021	1,281,399	19,123	1,300,522
Depreciation	(24,642)	(4,987)	(29,629)
At 30 June 2021	1,256,757	14,136	1,270,893

LEASE LIABILITIES

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Current portion	10,490	10,033
Non-current portion	4,596	9,993
	15,086	20,026

As at 30 June 2021, the fair value of land use rights is approximately RMB2,643 million (31 December 2020: RMB2,631 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2021, rights-of-use assets were pledged with an aggregate net book amount of approximately RMB1,213 million (31 December 2020: RMB1,213 million) as collateral for the Group's bank borrowings (Note 24).

As at 30 June 2021, all of the lease liabilities are due to a subsidiary of Yuexiu Property Company Limited ("YXP").

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 LEASE (continued)

The interim condensed consolidated statement of comprehensive income shows the following amount relating to leases:

DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Land use rights	24,642	24,642
Staff quarter	4,987	4,987
	<u>29,629</u>	<u>29,629</u>
Interest and finance charges paid/payable for lease liabilities (Note 10)	<u>427</u>	<u>649</u>

14 INVESTMENT PROPERTIES

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Beginning of the period	29,700,000	29,982,000
Additions	11,487	2,858
Fair value gains/(losses) during the period, included in profit or loss under 'Fair value gains/(losses) on investment properties'	<u>18,513</u>	<u>(256,858)</u>
End of the period	<u>29,730,000</u>	<u>29,728,000</u>
Fair value gains/(losses) for the period included in profit or loss for assets held at the end of the period, under 'Fair value gains/(losses) on investment properties'	<u>18,513</u>	<u>(256,858)</u>

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 RMB7,086,000 (six months ended 30 June 2020: RMB4,914,000) relating to investment properties that were vacant.

As at 30 June 2021, investment properties with an aggregate carrying value of approximately RMB3,826 million (31 December 2020: RMB3,825 million) were pledged as collateral for the Group's bank borrowings (Note 24).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 INVESTMENT PROPERTIES (continued)

VALUATION PROCESSES OF THE GROUP

The Group measures its investment properties at fair value. The investment properties were revalued by Colliers International (Hong Kong) Limited, being independent qualified valuer not related to the Group as at 30 June 2021 and 31 December 2020.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer 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

VALUATION TECHNIQUES

Fair value measurements using significant unobservable inputs

As at 30 June 2021 and 31 December 2020, Colliers International (Hong Kong) Limited has relied on the income capitalisation approach as the primary approach. The use of income capitalisation approach is in line with market practice of property valuation for income-producing commercial assets which are the main asset class of the Group.

The income capitalisation approach is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent-free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

The income capitalisation method is used to capitalise the unexpired rental incomes of contractual tenancies. It has also taken into account the reversionary market rents 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.

The investment properties are included in Level 3 (31 December 2020: Level 3) of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 INVESTMENT PROPERTIES (continued)

SIGNIFICANT INPUTS USED TO DETERMINE FAIR VALUE

Capitalisation rate is estimated by Colliers International (Hong Kong) Limited for 30 June 2021 and 31 December 2020 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.

The adopted valuation assumptions used in the income capitalisation method are summarised as follows:

As at 30 June 2021

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	88 to 320	4.00% to 6.50%
Wholesale and shopping mall	64 to 1,405	4.00% to 7.25%

As at 31 December 2020

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	90 to 320	4.00% to 6.75%
Wholesale and shopping mall	75 to 1,045	4.00% to 7.50%

15 DEFERRED ASSETS, PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

Rental income is recognised on an accrued 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 within twelve months after the balance sheet date are classified as current assets. The balance of prepayment, deposits and other receivables mainly represents other tax prepayment, deposits for utilities and property maintenance fund. The deferred assets, prepayment, deposits and other receivables are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 GOODWILL

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	859,868	859,868

In assessing whether goodwill suffered any impairment, the carrying value of the respective investment properties between the period end date and acquisition completion date are compared and there was no impairment indicator as at 30 June 2021 and 31 December 2020.

17 SUPPORT ARRANGEMENT ASSET

On 21 December 2017, through a wholly-owned subsidiary, the Group acquired Fully Cheer Management Limited and its subsidiaries, Sure Win International Holdings Limited and Wuhan Yuexiu Property Development Limited (hereafter collectively referred to as "Fully Cheer Group"), from Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)"), a subsidiary of YXP. The Fully Cheer Group holds 67% interest in Wuhan Properties. Pursuant to the acquisition, YXP agreed to provide a support arrangement to Yuexiu REIT for the period from 1 January 2018 until 31 December 2020. The support arrangement was the shortfall of actual adjusted net income and baseline adjusted net income, and should be payable semi-annually. Support arrangement asset was denominated in RMB and the fair value of the balance approximated its carrying amount.

Support arrangement asset is initially recognised at fair value which was denominated in RMB. The fair value of the balance approximated its carrying amounts.

The final support arrangement of RMB9,786,000 was received by the Group during the period.

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Beginning of the period	9,786	25,163
Fair value loss during the period	—	(1,760)
Support arrangement asset received	(9,786)	(2,841)
	—	20,562
Less: current portion of support arrangement asset	—	(20,562)
Non-current portion of support arrangement	—	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Non-current liabilities		
Interest rate swap contracts	70,928	88,175
Capped forward foreign exchange contracts	101,422	90,501
Total	172,350	178,676
Current liability		
Capped foreign exchange forward contracts	—	174,826

The derivative financial instruments are classified as non-current assets or liabilities if the settlement date is beyond 12 months after balance sheet date.

The notional principal amounts of the outstanding capped foreign exchange forward contract at 30 June 2021 was HK\$3,100,000,000 (31 December 2020: HK\$3,100,000,000 and USD400,000,000).

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2021 were HK\$400,000,000, HK\$1,000,000,000 and HK\$1,400,000,000 (31 December 2020: HK\$400,000,000, HK\$1,000,000,000 and HK\$1,400,000,000).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair values of capped forward exchange contracts and interest rate swap contracts are calculated by reference to the present values of the estimated future cash flows, taking into account market observable forward exchange rates at each reporting date. If significant inputs required to fair value of a financial instrument are observable, the instrument is included in level 2 of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 TRADE RECEIVABLES

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Trade receivables	19,496	16,167
Loss allowance	(150)	(102)
	19,346	16,065

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 based on invoice date is as follows:

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
0 - 30 days	11,469	13,146
31 - 90 days	4,926	2,284
91 - 180 days	2,654	320
181 - 365 days	347	417
Over 1 year	100	—
	19,496	16,167

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Cash at bank and on hand	1,727,914	1,760,001
Short-term bank deposits with original maturity of less than three months	42,052	42,494
Cash and cash equivalents	1,769,966	1,802,495
Short-term bank deposits with original maturity of more than three months	23,463	23,135
Total	1,793,429	1,825,630
Maximum exposure to credit risk	1,792,932	1,825,133

As at 30 June 2021, included in the cash and cash equivalents of the Group are bank deposits in China of approximately RMB1,627,917,000 (31 December 2020: RMB1,509,933,000) 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-term 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 carrying amounts of short-term bank deposits and cash and cash equivalents approximate their fair values.

Short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
HK\$	163,714	254,675
RMB	1,628,413	1,510,430
USD	1,302	60,525
	1,793,429	1,825,630

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 DEFERRED TAX LIABILITIES

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Beginning of the period	4,996,679	4,906,156
Deferred taxation charged to profit or loss (Note 11)	67,843	71,662
Deferred taxation credited to reserve	(4,284)	(813)
End of the period	5,060,238	4,977,005

22 TRADE PAYABLES

The fair values of trade payables approximate their carrying amounts. The ageing analysis of the trade payables is as follows:

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
0 - 30 days	6,855	13,934
31 - 90 days	9,684	4,172
91 - 180 days	2,576	1,063
180-360 days	24	75
	19,139	19,244

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 2021 RMB'000	Audited 31 December 2020 RMB'000
Rental deposits		
Current portion	147,974	149,654
Non-current portion	217,441	202,956
	365,415	352,610
Receipts in advance		
Current portion	85,720	92,935
Accrued urban real estate tax	36,031	19,807
Accrued withholding tax payable	11,189	12,489
Accrued value-added tax, urban construction and maintenance tax, education surcharge and local education surcharge	11,314	13,298
Construction fee payable	220,820	243,080
Accruals for operating expenses	130,599	142,686
Accruals and other payables	409,953	431,360
	861,088	876,905

Note:

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 2021 RMB'000	Audited 31 December 2020 RMB'000
Current		
Current portion of long-term borrowings		
Bank borrowings		
- Secured	—	268,440
- Unsecured	842,461	431,147
Other borrowings, unsecured (Note)	—	2,607,901
Total current borrowings	842,461	3,307,488
Non-current		
Long-term borrowings		
Bank borrowings		
- Secured	1,284,400	1,552,840
- Unsecured	9,225,105	8,898,688
Other borrowings, unsecured (Note)	3,508,032	3,549,272
Total long-term borrowings	14,017,537	14,000,800
Less: current portion of long-term borrowings	(842,461)	(3,307,488)
Total non-current borrowings	13,175,076	10,693,312
Total borrowings	14,017,537	14,000,800
Analysis into:		
- Unsecured	12,733,137	12,447,960
- Secured	1,284,400	1,552,840
	14,017,537	14,000,800

As at 30 June 2021, syndicated and entrustment loans totalling approximately RMB1,284 million (31 December 2020: RMB1,553 million) are secured by certain parts of GZIFC with carrying value of RMB6,921 million (31 December 2020: RMB6,921 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 BORROWINGS (continued)

Note:

On 27 April 2018, Yuexiu REIT MTN Company Limited, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$400 million principal amount of 4.75% notes due in April 2021 to investors under the US\$1.5 billion guaranteed medium term note programme established on 16 April 2018 pursuant to the subscription agreement dated 23 April 2018 ("MTN Programme").

On 28 May 2019 and 14 June 2019, Yuexiu REIT MTN Company Limited, issued and sold HK\$770 million and HK\$350 million principal amount of 3.6% additional notes both due in May 2024 to investors under the MTN Programme.

On 2 February 2021, Yuexiu REIT MTN Company Limited issued and sold a total of US\$400 million principal amount of 2.65% notes due in February 2026 to investors under the US\$1.5 billion guaranteed medium term note programme updated on 25 January 2021 pursuant to the subscription agreement dated 26 January 2021.

25 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Beginning of the period	14,584,563	14,599,360
Issuance of units	54,616	48,127
Transactions with unitholders	255,061	(213,759)
Distribution paid during the period	(329,937)	(336,797)
End of the period	14,564,303	14,096,931

The movement of numbers of existing units is as below:

	Unaudited	
	Six months ended 30 June	
	2021	2020
Units in issue ('000)		
Beginning of the period	3,303,113	3,205,856
Units issued during the period	16,175	14,000
End of the period	3,319,288	3,219,856

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

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 to YXP each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units 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. Pursuant to the terms disclosed in the announcement dated 23 December 2020, YXP entered into a units agreement with Yuexiu Capital Holdings Limited ("Yuexiu Capital"), a wholly owned subsidiary of Yue Xiu Enterprises (Holdings) Limited, YXP agreed to transfer the right to receive 2020 deferred units to Yuexiu Capital. After the issuance of 62,000,000 units in 2020, the outstanding deferred units were approximately 399,401,000 units.

During the period, 16,175,000 units were issued for the payment of manager's fee (2020: 14,000,000 units). Pursuant to the announcement of Yuexiu REIT dated 7 April 2021, RMB54,616,000 (equivalent to approximately HK\$64,763,000) of the manager's fee for the period from 1 July 2020 to 31 December 2020 was settled in the form of units.

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

(A) BASIC

Basic earnings/(losses) per unit based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the profit/(loss) 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	
	2021	2020
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	265,953	(211,698)
Weighted average number of units in issue ('000)	3,310,620	3,212,626
Basic earnings/(losses) per unit (RMB)	0.08	(0.07)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(continued)

(B) DILUTED

Diluted earnings/(losses) per unit based upon profit/(loss) 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 2021.

	Unaudited	
	Six months ended 30 June	
	2021	2020
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	265,953	(211,698)
Weighted average number of units in issue ('000)	3,310,620	3,212,626
Adjustments for deferred units ('000)	399,401	461,401
Adjustments for manager's fee in form of units ('000)	16,409	21,898
Weighted average number of units for diluted earnings/(losses) per unit ('000)	3,726,430	3,695,925
Diluted earnings/(losses) per unit (RMB)	0.07	(0.06)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 30 June 2021, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 38% (31 December 2020: 38%) of Yuexiu REIT's units. The remaining 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 2021:

Connected/related companies	Relationship with Yuexiu REIT
YXP ¹	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") ¹	A associate of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") ¹	A associate of YXP
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. (formerly named as Guangzhou Yuexiu Yicheng Property Management Ltd.) ("Yicheng") ¹	A subsidiary of YXP
Guangzhou Baima Business Operation Management Co. Ltd. ("Baima BM") ¹	A subsidiary of YXP
Guangzhou Yuexiu Xingye Property Agent Ltd. (formerly named as 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
Guangzhou Yuexiu Business Operation Management Co., Ltd. ¹	A subsidiary of YXP
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") ¹	A subsidiary of YXP
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") ¹	A major shareholder of YXP
Guangzhou Yue Xiu Holdings Limited ("GZYX") ¹	Immediate holding company of Yue Xiu
Guangzhou Yuexiu Enterprises Holdings Ltd. ("YXE") ¹	A subsidiary of GZYX
Guangzhou Yue Xiu Enterprises Development Ltd. ¹	A subsidiary of YXE
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL") ¹	A subsidiary of YXP
廣州市祥港房地產開發有限公司 ¹	A subsidiary of YXP
廣州市東耀房地產開發有限公司 ¹	A subsidiary of YXP
廣州市城建開發集團名特網絡發展有限公司 ¹	A subsidiary of YXP
廣州鵬燁貿易有限公司 ¹	A subsidiary of YXP
武漢越秀商業管理有限公司 ¹	A subsidiary of YXP
武漢康景實業投資有限公司 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 Suiqiao Development Co., Ltd. ("Suiqiao") ¹	A subsidiary of Yue Xiu
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ("GZYFHG") ¹	A subsidiary of GZYX
Guangzhou Yuexiu Financial Holdings Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. ("Guang Zheng") ^{1,2}	A subsidiary of GZYFHG
中信証券華南股份有限公司 (formerly named as Guangzhou Securities Company Limited) ^{1,2}	A subsidiary of GZYFHG
Guangzhou Futures Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Leasing Co., Ltd. ¹	A subsidiary of GZYFHG
廣州越秀資本投資管理有限公司 ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Technology Co., Ltd. ¹	A subsidiary of GZYFHG
Shanghai Yuexiu Finance Leasing Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yue Tong Expressway Operations and Management Company Limited ("Yue Tong") ¹	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ("Yue Peng") ¹	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited ("Chong Hing Bank") ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Tianhe Sub-Branch ("Chong Hing Tianhe") ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") ¹	A subsidiary of Yue Xiu
Guangzhou Paper Group Ltd. ¹	A subsidiary of YXE
廣州越秀城開房地產開發有限公司 ¹	A subsidiary of YXP
廣州城建開發設計院有限公司 ¹	A subsidiary of YXP
廣州越秀地產工程管理有限公司 ¹	A subsidiary of YXP
廣州越秀商業地產投資管理有限公司 ¹	A subsidiary of YXP
廣州越秀星寓公寓管理有限公司 ¹	A subsidiary of YXP
杭州越秀房地產開發有限公司 ¹	A subsidiary of YXP
杭州越榮房地產開發有限公司 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
杭州盛寅房地產開發有限公司 ¹	A subsidiary of YXP
杭州豐勝房地產開發有限公司 ¹	A subsidiary of YXP
廣州悅秀智訊科技信息諮詢有限公司 ¹	A subsidiary of YXP
廣州白馬電子商務股份有限公司 ¹	A subsidiary of YXE
Guangzhou Convergecity Industrial Development Co., Ltd. (formerly named as Guangzhou Grandcity Automobile Services Co., Ltd.) ¹	A subsidiary of YXP
廣州城建開發工程造價諮詢有限公司 ¹	A subsidiary of YXP
廣州城建開發裝飾有限公司 ¹	A subsidiary of YXP
廣期資本管理(上海)有限公司(formerly named as 廣期資本管理(深圳)有限公司) ¹	A subsidiary of GZYFHG
廣州資產管理有限公司 ¹	A subsidiary of GZYFHG
Guangzhou Grandcity Development Ltd. ¹	A subsidiary of YXP
廣州越達投資有限責任公司 ¹	A subsidiary of Yue Xiu
Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Fengxing Foods Group Co., Ltd. ("YX Fengxing Foods") ¹	A subsidiary of YXE
廣州東秀房地產開發有限公司 ¹	A subsidiary of YXP
湖北悅秀薈房地產經紀有限公司 ¹	A subsidiary of YXP
HSBC Institutional Trust Services (Asia) Limited (the "Trustee")	The Trustee of Yuexiu REIT
Savills Valuation and Professional Services Limited ("the Former Valuer") ³	The former principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee

Note:

- 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.
- 2 The companies ceased to be connected companies of the Group since 10 January 2020.
- 3 According to the latest REIT Code issued on 4 December 2020, the valuer is no longer classified as a connected party.

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

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Asset management fee paid/payable to		
– the Manager (note ii)	(71,078)	(73,887)
Management fee paid/payable to		
– Yicheng	(8,397)	(8,143)
– Baima BM	(4,196)	(4,857)
– GZ AM	(9,283)	(9,348)
Rental income received/receivable from		
– Xingye	3,606	4,441
– Yicheng	4,567	11,986
– GCCD	11,025	6,681
– YXE	26,600	19,796
– Guang Zheng	—	60
– Suiqiao	282	296
– Guangzhou Securities Company Limited	—	788
– Guangzhou Futures Co., Ltd.	2,975	2,241
– Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	224	152
– GZ JLL	8,385	8,324
– Guangzhou Yuexiu Financial Leasing Co., Ltd.	665	700
– GZ AM	5,673	4,864
– 廣州市祥港房地產開發有限公司	4,657	4,682
– 廣州市東耀房地產開發有限公司	6,619	6,921
– GZYFHG	1	8,446
– Guangzhou Yuexiu Financial Holdings Co., Ltd.	8,429	—
– Yue Tong	367	385
– Yue Peng	375	394
– Yuexiu (China) Transport Infrastructure Investment Company Limited	671	4,298
– Guangzhou Paper Group Ltd.	141	142

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	
	2021 RMB'000	2020 RMB'000
Rental income received/receivable from		
– Chong Hing Shanghai	2,370	2,383
– 廣州市城建開發集團名特網絡發展有限公司	1,047	148
– 廣州鵬燁貿易有限公司	593	558
– Guangzhou Yuexiu Financial Technology Co., Ltd.	161	156
– Shanghai Yuexiu Finance Leasing Co., Ltd.	3,185	1,879
– 武漢越秀商業管理有限公司	3,836	7,493
– 武漢康景實業投資有限公司	2,250	15,672
– 廣州城建開發設計院有限公司	831	193
– 廣州越秀地產工程管理有限公司	—	2,371
– 廣州越秀商業地產投資管理有限公司	391	331
– 廣州越秀資本投資管理有限公司	2,015	2,026
– 廣州越秀星寓公寓管理有限公司	—	972
– Guangzhou Yue Xiu Enterprises Development Ltd.	—	142
– Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd.	329	330
– 杭州越秀房地產開發有限公司	3,272	2,168
– 杭州越榮房地產開發有限公司	—	312
– 杭州盛寅房地產開發有限公司	558	249
– 杭州豐勝房地產開發有限公司	535	538
– Guangzhou Yuexiu Business Operation Management Co.,Ltd.	10	13
– 廣州悅秀智訊科技信息諮詢有限公司	1,069	1,021
– 廣州白馬電子商務股份有限公司	397	268
– Guangzhou Convergency Industrial Development Co., Ltd.	5,445	—
– 廣州城建開發工程造價諮詢有限公司	562	—
– 廣州城建開發裝飾有限公司	364	—
– 廣期資本管理(上海)有限公司	723	—
– 廣州資產管理有限公司	215	—
– Guangzhou Grandcity Development Ltd.	34	—
– 廣州越達投資有限責任公司	3,584	—
– Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd.	401	—

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	
	2021 RMB'000	2020 RMB'000
Rental income received/receivable from		
– YX Fengxing Foods	141	—
– 廣州東秀房地產開發有限公司	726	—
– 湖北悦秀荟房地產經紀有限公司	11	—
– 廣州越秀城開房地產開發有限公司	2,111	—
Interest income received/receivable from		
– GCCD	1,738	9,355
Naming right income received/receivable from		
– GCCD	7,000	6,857
Principal element of lease payments paid to		
– 廣州越秀星寓公寓管理有限公司	(5,367)	(5,160)
Trustee's fee paid/payable to		
– Trustee	(5,212)	(5,229)
Valuation fee paid/payable to		
– the Former Valuer	—	(498)
Interest expense paid/payable to		
– the HSBC Group	(5,964)	(13,512)
– the Chong Hing Bank	(2,705)	(3,793)
Bond underwriter's fee paid/payable to		
– the HSBC Group	(1)	(1)
Interest income received/receivable from		
– the Chong Hing Bank	427	423

Note:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreements 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 2021 RMB'000	Audited 31 December 2020 RMB'000
Amount due from GCCD	42,675	49,574
Amount due to Yicheng	(10,510)	(10,323)
Amount due to Baima BM	(19,438)	(16,701)
Amount due to the Manager	(71,355)	(68,541)
Amount due to GZ AM	(2,878)	(1,596)
Amount due to GCD (China)	(1,362)	(1,362)
Amount due to GCCD BVI	(10,000)	(10,000)
Bank deposit in Chong Hing Bank	52,864	52,437
Bank borrowing from Chong Hing Tianhe	(121,146)	(153,146)
Bank borrowing from the HSBC Group	(690,626)	(698,561)
Derivative financial instrument from HSBC Group	(11,567)	(10,040)
Rental income receivables from related companies	849	12
Rental deposits from related companies	(61,161)	(61,153)
Receipts in advance from related companies	(10,703)	(3,618)

Except for an amount due from GCCD of approximately RMB43 million (31 December 2020: RMB50 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\$.

(C) KEY MANAGEMENT COMPENSATION

There was no key management compensation for the period ended 30 June 2021 (Six months ended 30 June 2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

28 CAPITAL COMMITMENTS

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Contracted but not provided for	35,727	29,856

29 FUTURE MINIMUM RENTAL RECEIVABLES

At 30 June 2021 and 31 December 2020, the Group had future minimum rental receivables under non-cancellable leases as follows:

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Within one year	1,124,028	1,156,814
Between one year and five years	1,551,700	1,583,176
Over five years	44,523	60,052
	<u>2,720,251</u>	<u>2,800,042</u>

PERFORMANCE TABLE

	Unaudited 30 June 2021	Unaudited 30 June 2020
Net assets attributable to Unitholders (RMB)	14,564,303,000	14,096,931,000
Net assets attributable to Unitholders per unit (RMB)	4.39	4.38
Equivalent to HK\$	5.27	4.80
The highest premium of the traded price to net asset value (i)	N/A	HK\$0.55
The highest discount of the traded price to net asset value (i)	HK\$1.57	HK\$1.60
Net earnings/(loss) yield per unit (ii)	2.00%	(2.04%)
Number of units in issue	3,319,228,131 units	3,219,856,551 units

Note:

- (i) The highest premium is calculated based on the highest traded price of HK\$4.20 (2020: HK\$5.35) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the period from 1 January 2021 to 30 June 2021. The highest discount is calculated based on the lowest traded price of HK\$3.70 (2020: HK\$3.20) on the Stock Exchange during the period from 1 January 2021 to 30 June 2021.
- (ii) Net earnings/(Loss) yield per unit is calculated based on profit/(loss) after tax before transactions with Unitholders per unit for the period from 1 January 2021 to 30 June 2021 over the traded price of HK\$4.00 as at 30 June 2021 (2020: HK\$3.53) on the Stock Exchange.

CORPORATE AND INVESTOR RELATIONS INFORMATION

BOARD OF DIRECTORS OF THE MANAGER

EXECUTIVE DIRECTORS

Mr. Lin Deliang (*Chairman*)
Ms. Ou Haijing

NON-EXECUTIVE DIRECTORS

Mr. Li Feng
Mr. Zeng Zhizhao

INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr. Chan Chi On, Derek
Mr. Chan Chi Fai, Brian
Mr. Cheung Yuk Tong
Mr. Chen Xiaouu

RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Lin Deliang
Mr. Kwan Chi Fai
Ms. Ou Haijing

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

Colliers International (Hong Kong) Limited

HONG KONG LEGAL ADVISOR

Baker & McKenzie

WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

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

PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia Limited

REGISTERED OFFICE OF THE MANAGER

17B
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

UNIT REGISTRAR AND TRANSFER OFFICE

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

LISTING EXCHANGE

UNITS

The Stock Exchange of Hong Kong Limited
Stock code: 00405

BOND

The Stock Exchange of Hong Kong Limited
US\$400,000,000 2.65% Notes due 2026
Stock code: 40577

INVESTOR RELATIONS

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**GREATER BAY
AREA**



越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

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17B Yue Xiu Bldg., 160 Lockhart Road, Wanchai, Hong Kong

Manager



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