



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



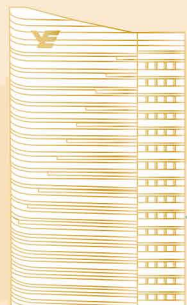
YUEXIU REIT

2005-2022

INTERIM REPORT 2022



SHANGHAI



HANGZHOU



WUHAN



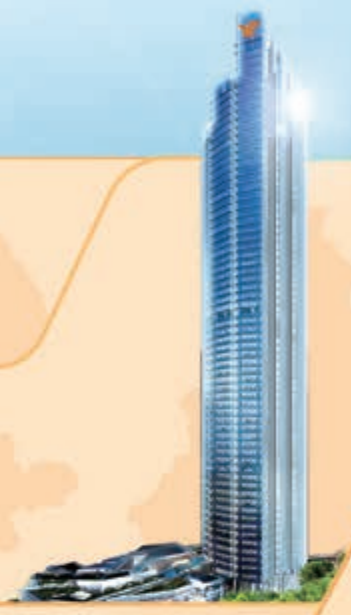
GUANGZHOU

白馬大廈服裝天下

VISION FOR **A STEADY FORTUNE**

17 YUEXIU
REIT
2005-2022





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PERFORMANCE SUMMARY

The following is a summary of Yuexiu REIT's financial results during the Interim Period together with comparative figures for the six months ended 30 June 2021 and year ended 31 December 2021:

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

	Six months ended 30 June		Change Increase/ (decrease)
	2022	2021	
Gross income	943,667,000	881,684,000	7.0%
Net property income	686,742,000	638,506,000	7.6%
Net (loss)/profit after tax before transactions with Unitholders	(521,079,000)	285,599,000	(282.5)%
Interim distribution	342,943,000	340,274,000	0.8%
(Losses)/Earnings per unit	(0.1191)	0.0801	(248.7)%
Distribution per unit	0.0734	0.1025	(28.4)%
Equivalent to HK\$	0.0853	0.1233	(30.8)%

	As at 30 June		Change Increase/ (decrease)
	2022	As at 31 December 2021	
Property portfolio valuation	42,380,000,000	42,395,000,000	0.0%
Net assets attributable to Unitholders	16,973,668,000	14,717,852,000	15.3%
Net assets attributable to Unitholders per unit	3.63	4.31	(15.8)%

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 PLEASSED TO PRESENT TO YOU THE INTERIM REPORT OF YUEXIU REIT FOR THE FIRST HALF OF 2022.



LIN DELIANG
Chairman

RESULTS AND DISTRIBUTION

During the first half of 2022, the properties of Yuexiu REIT, especially the operating results of the specialized market and hotel were negatively impacted by the multiple domestic outbreaks of the COVID-19 pandemic in various areas of China. However, through formulating more appropriate and targeted leasing policies, together with the portfolio of premium properties and the outstanding efforts put in by all members of the management team, all operating indicators were still within a reasonable range.

CHAIRMAN'S STATEMENT

As at 30 June 2022, the nine 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"), Yuexiu Financial Tower ("Yuexiu Financial Tower") 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 803,111.9 sq.m..

As at 30 June 2022, the occupancy rate of properties under Yuexiu REIT remained generally stable, with an overall occupancy rate of 88.8%. During 1 January 2022 to 30 June 2022 ("Interim Period"), Yuexiu REIT recorded a total operating revenue of approximately RMB944 million. The operation results of each of its properties fluctuated slightly, but remained within a reasonable range.

During the Interim Period, Yuexiu REIT recorded a total distributable income of approximately RMB343 million (total distributable income for the corresponding period of the previous year: RMB340 million). The policy of the Manager is to distribute 100% of the distributable income during the Reporting Period to the Unitholders. Each Unitholder will receive a distribution amount of approximately HK\$0.0853 per Unit (the distribution amount for the corresponding period of the previous year: HK\$0.1233). Based on the closing price of HK\$3.06 on 30 June 2022, the yield was approximately 2.79%, the distribution yield was 5.58% per annum.

MACRO ECONOMY

In the first half of this year, the Russia-Ukraine conflict disrupted the fragile economic recovery during the pandemic, and the global economy was still recovering from the pandemic and might also be on the verge of a new crisis. In the first half of the year, there were multiple domestic outbreaks of the COVID-19 pandemic, China's economy rose to the challenge, effectively responded to the impact of unforeseeable factors, the national economy stabilized and grew. According to the preliminary calculations, GDP for the first half of this year was RMB56,264.2 billion, representing an increase of 2.5% year-on-year.

In the second quarter, Guangzhou's economy faced multiple challenges, such as the reverberation of the domestic pandemic outbreaks and the disruption of supply chains. In the face of the complex and difficult situation, Guangzhou made great efforts in coordinating pandemic prevention and control while maintaining economic and social development, promoting economic growth under enduring pressure, and gradually achieving the positive effects of various policies in stabilizing growth. In the first half of the year, the city GDP was RMB1,343.38 billion. The industrial structure has been optimized continuously, and the industrial development represented by emerging technologies, green transformation led by low-carbon and environmentally-friendly approach, and the shift in driving forces driven by scientific and technological innovation have achieved steady progress.

In the first half of 2022, facing the severe impacts from unforeseeable factors such as the complex and severe external environment and the unexpected local outbreaks of the pandemic, Shanghai coordinated pandemic prevention and control measures, and economic and social development, accelerated the process of economic recovery. The city's economic operation has gradually returned to normal, and the national economy has shown a positive trend of stabilization and improvement. In the first half of the year, the city GDP was RMB1,934.931 billion.

CHAIRMAN'S STATEMENT

In the first half of the year, Wuhan's economic operation was generally stable, continued to recover, and progress was made while maintaining stability, along with increasing positive factors. In the first half of the year, the city GDP was RMB890.41 billion. The resilience of industrial production has been enhanced, and high-tech manufacturing industries have developed rapidly. The added value of high-tech manufacturing industries above designated size increased by 23.4% year-on-year, 15.9 percentage points faster than that of the city's industries above designated size.

In the first half of the year, Hangzhou withstood the impact of the pandemic, and its economic fundamentals remained stable. The effect of the policy to stabilize growth emerged quickly, market confidence and vitality were enhanced, and high-quality development was advanced steadily. However, the city economy's phased and structural contradictions intertwined, and economic development still faced numerous difficulties and challenges. In the first half of the year, the city GDP was RMB900.3 billion.

MARKET REVIEW

In the first half of the year, the Grade A office market in Guangzhou saw a new supply of 331,000 sq.m.. However, due to the frequent outbreaks of the COVID-19 pandemic in a number of core cities in China and the uncertainties of the external environment, the leasing decision-making cycle of enterprises has been prolonged. The newly-added supply had a limited effect in stimulating the market demand, and the city only recorded a net absorption of 187,000 sq.m. in the first two quarters of this year. In the complicated and volatile macroeconomic environment, most landlords adopted aggressive leasing strategies to provide more flexible negotiating space to facilitate transactions for large-area units. The city-wide average rent decreased by 2.8% year-on-year to RMB173.9/sq.m./month. Differentiated industry demands were noted, there was active demand from the financial industry and professional service industry which had become the main force in leasing transactions.

In March, Omicron gradually spread to Shanghai on a large scale, and the increasing leasing activities and real estate decision making process in the office market were disrupted by the pandemic, and had subsequently fell. The overall sluggish performance in supply and demand had postponed the official delivery of a large number of new projects to the second half of the year, including quite a few prominent pre-leased landmark projects. There was a drastic drop in market demand, an increase in vacated area emerged for the first time after six consecutive quarters showing a decline in vacated area, the suppressed demand had made a swift recovery after work resumed in June. Over time, as a result of the rectifications and changes took place in industries, and the corresponding lease adjustment in enterprises hit by the pandemic, resulting in a downward trend in rental adjustment after an earlier phasal upward shift.

In the first half of 2022, Wuhan's office building market saw a new supply of 200,000 sq.m., pushing the city-wide office building stock exceeding 2 million sq.m., reaching a new high of 2.0215 million sq.m. The city recorded a net absorption of approximately 76,000 sq.m. The newly debuted projects generated a siphonic effect in this area, with a net increased absorption in the riverside area of Hankou reaching 19,200 sq.m. in the second quarter of this year, taking a leading position in the overall market. In terms of market demand, professional services and TMT sectors remained the key drivers in lease transactions. The rising supply pushed the city-wide vacancy rate up to 34.94%, contributing to a slight drop in city average rent to RMB104.2 sq.m./month.

CHAIRMAN'S STATEMENT

In the first half of this year, the Hangzhou Grade A office market saw a new supply of 176,000 sq.m., with the total stock up to 5.975 million sq.m. and the net absorption reaching 110,000 sq.m., among which the leasing demand mainly came from TMT and biomedicine sectors and other emerging industries, while the traditional sectors suffered a relatively insufficient new demand, and some demand even came from industrial parks. Qianjiang New Town saw less new demand due to the impact of the pandemic in Shanghai, and some real estate companies and financial companies terminated their leases, resulting in an underwhelming net absorption and a roughly flat rent.

Under the continuous impact of the pandemic in the first half of this year, the domestic apparel industry suffered low consumption, intensified competition, and rising costs, with its overall business in the specialized market sliding down. In general, the apparel industry strived to survive under the huge operation pressure. The pandemic prevention policies issued by each local government had a continuous impact on physical shops and hindered the business exchanges of purchasers to a large extent, causing a greater influence on various business formats including the specialized market. The Liuhua business area where White Horse Building is located has been severely hit by the two shutdowns in compliance with pandemic prevention and control measures. Both merchants and market operators have been under tremendous pressure, and the customer flow has only recovered by 30%, making it being at the critical point for its survival. The menswear business in some markets within this business area has been gradually relocated to industrial parks outside this area.

As at the end of the second quarter, the total stock of premium commercial buildings in Guangzhou rose to 4.793 million sq.m., and the newly debuted projects in peripheral areas of Guangzhou filled the gap in premium commercial buildings in this area, which helped reinforce the commercial ambience. Due to the impact of newly debuted projects, the city-wide vacancy rate rose to 5.7%. The rent of the city premium commercial prime floors slightly increased to 776.1 sq.m./month. The rental performance was differentiated by regions, among which, the rent in core business areas kept rising steadily, and the rent in non-core business areas was under downward pressure to some extent.

In the first half of 2022, the launch of new projects in Wuhan pushed the total stock of prime retail projects in four core business areas up to 3.154 million sq.m.. The four core business areas recorded a net absorption of 161,000 sq.m., and the vacancy rate was roughly flat and dropped to 13.8%. Benefiting from the debut of new prime projects, as at the end of the second quarter, the average rent on the first floor in the four core business areas in Wuhan rose to 521.1 sq.m./month.

In the first half of this year, the recurrence of the pandemic in major cities of Beijing, Shanghai, Guangzhou and Shenzhen, especially the full-blown outbreak in Shanghai in April, created a heavy blow to the recovery of the overall performance of the luxury hotel market in the first-tier cities. According to the STR report, as of June 2022, the average occupancy rate of the luxury hotel market in Guangzhou was 48.9%, representing a decrease of approximately 4.2 percentage points year-on-year and 66.3% of that in the same period in 2019, while the average room rate was RMB957, representing a decrease of 13.7% year-on-year and 83.2% of that in the corresponding period in 2019. In the first half of 2022, most owners of serviced apartments were still in a plight, and tenants from large multinational corporations continued to reduce their housing demand and budget. According to the latest data, the city average vacancy rate in the leasing market rose again by 1.4 percentage points quarter-on-quarter to 26.1%, and the city rental index fell by 3.5% quarter-on-quarter. The average rent was RMB209.7/sq.m./month.

CHAIRMAN'S STATEMENT

BUSINESS OPERATING STRATEGIES

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

In terms of **office buildings**, the Manager deepened our ties with existing customers. In particular, the Manager actively uncovered customers' needs to expand leasing space in the current building and flexibly changed leasing units to retain customers who intended to terminate their leases, understanding the change in their existing customers' needs to stabilize the overall operation. The Manager also carried out extensive joint marketing activities in Guangzhou, Wuhan, and Hangzhou by actively expanding six major channels including government associations, high-end hotels and surrounding property owners, to continuously expand customer sources. The Manager implemented flexible product strategies and speeded up product transformation based on changes in market demand, shortening stock turnover period through small-scale customization and pre-leasing during the changing period. It prepared product portraits that are highly compatible with user profiles, and further developed deeper insight into pertinent products through exploring 24-hour service mode. The portrait data established has strengthened the internal management of customers' relationship through provision of services and implementation of classified filing system of tenants and enterprises to discover diverse customer bases and increase customer viscosity. With regard to the value portrait, it focused on digging out the brand value of each project.

In terms of **retail shopping malls**, the Manager focused on issues like attracting new customers and expanding customers membership in the post-pandemic era; deepening the dynamic analysis of product value on the product side, and conducted in depth series of "Four Yue" (四悦) activities for the brands; established an evaluation system on brands to study brand compatibility and determine the best compatibility of business formats on the brand side; established merchant supporting system on the operation side, provided differentiated assistance to different merchants at different stages, in order to increase the tenant occupancy rate and tenancy renewal rate, and create the competitive advantage for the first incubation platform for all newly jointed merchants and established related brands barrier.

In terms of **specialized market**, the Manager adopted various measures simultaneously to deal with hurdles encountered in business solicitation. Through the combination of wholesale and retail business, the Manager explored additional measures to stabilize and retain merchants, strengthened community operation and internal synergy; enhanced operation quality and exploited the value of business circulation platform and supply chain platform; strengthened the digitalization of specialized market and built a digital platform that connects the B-side business to business procurement and C-side customer members; strengthened online and offline linkages to reinforce marketing empowerment.

CHAIRMAN'S STATEMENT

In terms of the **hotels and apartments**, in the first half of this year, due to more complicated and severe international environment and certain sporadic outbreaks of the pandemic in several domestic areas, the performance of hotels and serviced apartments fluctuated greatly but significantly recovered when the pandemic was under control. With a continuing focus on the clients from domestic leisure traveler market in the first half of the year, in addition, Four Seasons Hotel strived to attract independent business travelers and meet the expansion need for MICE (Meeting, Incentive, Convention, Exhibition), improved its overall revenue through multi-channel marketing with concentration in market cultivation, conducted research on incremental market, increased market exposure and managed revenue during the pandemic. Ascott Serviced Apartments at GZIFC put emphasis on the strategies of stabilizing long-stay tenants and increasing the occupancy rate of short-stay tenants, deeply explored for consulate customers and domestic corporate clients, flexibly adjusted the apartment structure for short-stay tenants, enriched product lines and rolled out diversified product portfolios at an appropriate price range, continued to enhance the channels to attract customers online and participated in various marketing activities held by multiple channels in a timely manner, striving to maximize income for its serviced apartment.

INVESTMENT AND FINANCIAL STRATEGIES

In the first half of 2022, the Manager implemented proactive and prudent investment strategies, continued to search for high-quality business projects and supporting resources in the core areas of the first-tier cities and strong second-tier cities in China. The Manager is of the opinion that continuous improvement in the quality of the portfolio and the scale of assets will inject new growth momentum into Yuexiu REIT, which in turn will bring continuous and steady returns to Unitholders.

Yuexiu REIT implemented stable and prudent financial policies, as at 30 June 2022 the ratio of total borrowings to total assets of the Yuexiu REIT was maintained at the level of 43.9%, 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, proactively expanded 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 research and conduct 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 57% at the end of June 2022. 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 continues 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 a 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

Affected by COVID-19 and international disputes, the global economic slowdown has become a major trend. Countries around the world are actively taking corresponding measures to avoid further deterioration of the global economic situation. The World Bank report has predicted that the momentum of China economic growth is expected to rebound in the second half of the year, driven by a series of policy measures to stabilize the economy, such as strongly-regulated fiscal and monetary policies.

Affected by a large number of new supplies in the office market in Guangzhou in the second half of this year, the net absorption is expected to increase slowly but the rate of increase is limited. The vacancy rate will continue in a rising trend, and the rise in rental level is expected to be delayed until next year. With the implementation of the "14th Five-Year Plan for the Business Development in Guangzhou" (《廣州市商務發展“十四五”規劃》) in the second quarter of this year, Guangzhou will comprehensively elevate the modernization level of commerce circulation. The demand derived from the development of domestic and foreign trade, exhibition economy and digital industry is expected to become one of the important support in the future office market in Guangzhou. It is predicted that in future, the Guangdong-Hong Kong-Macao Greater Bay Area will become an important choice for the deployment of enterprises due to its advantages in transportation, industry, talents and policies, which will generate more leasing opportunities.

In terms of retail business, there will be about 400,000 sq.m. of premium new projects in Guangzhou this year. The continuous centralized supply and the impact of the pandemic put pressure on the operation of commercial properties, and the vacancy rate may increase in the short term. The complex and changeable macro market environment to a certain extent has affected the construction and solicitation progress of commercial projects, and the opening time of some projects may be delayed. This will require higher demands on the operation and management of shopping malls, and operators may need to make corresponding adjustments in terms of industry portfolios, attracting network flow, offline activities, and preparation of prevention and control measures.

In terms of specialized market, it is expected that the real economy will still be under the comprehensive impact of the sporadic recurrence of COVID-19 and the normalization of domestic pandemic prevention, and offline consumer confidence has yet to be restored. Opportunities and challenges coexist in the clothing industry, and the transformation and upgrading of business districts need to be accelerated. At the same time, innovate and adapt to the changes in clothing market, reconstruct the online and offline integration of the new marketing system, reshape the real economy, empower merchants to operate, and provide buyers with a better purchasing experience, operators and managers will have to tackle with these difficult problems.

CHAIRMAN'S STATEMENT

In terms of the hotels and apartments, we are cautiously optimistic about the overall situation of the hotels and serviced apartments market in the second half of 2022. Central government policies are the main driver for recovery with a quicker rebound in demand and prices are yet to bounce back. The solid economic foundation of the Guangzhou-Shenzhen region brings sufficient endogenous demand, promoting a better internal circulating cycle in the region, among which, there are strong demands for business, conferences and tourism, as well as an active demand for short-distance business travel activities. Especially in summer holidays, there are great demands for intra-provincial tours and short-distance vacations around the province. As policies targeting cross-border entry and the pandemic prevention have relatively relaxed, Guangzhou, as one of the main ports of entry, will welcome more inbound travelers from abroad, who are expected to be the consumers in the hotels market.

In general, especially in the second quarter of the first six months, pandemic has brought a severe impact to the economic development of the whole city of Shanghai. However, the impact happened in different stages. The pandemic has not changed the fundamentals of Shanghai's positive long-term economic improvement, nor has it changed the general trend of a high-quality economic development in Shanghai. It is expected the acceptance level of flexible working and customized decoration will continue to rise, and market confidence will recover gradually. In addition, vacancy rate will continue to escalate with additional supply and rentals have resumed their downward trend. As demand weakens together with a rising vacancy rate, there will be more obvious adjustments in the second half of the year, but it is expected that the rental trend in core business districts will recover first.

The construction period of many projects was affected by the pandemic and delayed the time to enter the market. It is expected that there will be a concentrated supply in the Grade A office market in Wuhan's core business district in the second half of the year. In the short term, the vacancy rate in various business districts will rise, rents will be under pressure, and price wars will become the mainstream of future market competition. In future, with a less severe pandemic situation, the demand for leasing will further stabilize, but a large number of new supplies will exert more pressure on the stock and vacancy rate, hence, rentals will still be on a declining trend. In terms of the retail property market, there will be a new supply of approximately 717,000 sq.m. in the second half of the year, most of which will be concentrated in non-core business districts, which is expected to enhance the commercial vitality and consumption experience of non-core business districts. Affected by the new supply, there will be more first stores in Wuhan in the second half of this year, and commercial segments and brands will be more diversified.

In the second half of the year, 6 projects with a total of approximately 221,000 sq.m. will be constructed in Hangzhou, and projects in non-core areas account for 86%. A majority of projects will be delivered at the end of this year, which will contribute less to the net absorption this year, and the city-wide vacancy rate is expected to rise further. With the opening of the Asian Games, the impact of the pandemic will ease and the economy will recover in 2023 to 2025, it is expected that the demand for high-quality offices will increase, and the vacancy rate will decline steadily.

In general, it is expected that the economy of China will still be affected by the occasional recurrence of the COVID-19 pandemic 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 financing costs, aiming at continuously generating stable returns for the Unitholders through the implementation of proactive and prudent leasing strategies coordinating with effective asset appreciation measures.

CHAIRMAN'S STATEMENT

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 to Yuexiu REIT.

LIN DELIANG

Chairman

Hong Kong, 4 August 2022

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 six 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 2022.

The Manager also has the discretion under the 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 practices.

In light of the above, the Manager has determined that an interim distribution to Unitholders for the Interim Period will be approximately RMB0.0734 which is equivalent to Hong Kong Dollars ("HK\$") 0.0853 (June 2021: approximately RMB0.1025 which was equivalent to HK\$0.1233) 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 2022 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the six months ended 30 June 2022.

The total 2022 interim distribution amounted to approximately RMB342,943,000 which is equivalent to HK\$398,712,000 (June 2021: approximately RMB340,274,000 which was equivalent to HK\$409,269,000), includes an amount of approximately RMB108,604,000 (June 2021: RMB117,285,000), 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 RMB779,563,000 having regard to the abovementioned discretion of the Manager under the 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 Interim Condensed Consolidated Distribution Statement of this interim report.

Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the Manager is the average 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 Interim Period is HK\$0.0853 per unit (June 2021: HK\$0.1233), representing a yield of approximately 2.79% (June 2021: 3.08%) based on the closing price of HK\$3.06 per unit as at 30 June 2022 (30 June 2021: HK\$4.00). This represents an annualized distribution yield of 5.58%.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 15 September 2022. The register of Unitholders will be closed from 15 September 2022 to 16 September 2022, 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 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 14 September 2022. The 2022 interim distribution will be paid on 21 October 2022 to the Unitholders whose names appear on the register of Unitholders on 15 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

ACTIVELY COPE WITH THE PANDEMIC AND STRIVE FOR OPERATION STABILITY

Since the beginning of this year, there have been multiple outbreaks of the coronavirus disease 2019 ("COVID-19") in China, spreading to certain major cities where Yuexiu REIT properties are located, including Guangzhou, Shanghai and Wuhan. The implementation of various public health measures in response to COVID-19 had adversely affected the financial performance of Yuexiu REIT in the first half of the year, especially that of the Four Seasons Hotel Guangzhou. During this challenging time, the Manager has formulated a more flexible, targeted and effective leasing strategy, and offered temporary rental concessions to support our tenants to go through this challenging period together.

PROPERTY PORTFOLIO

As of 30 June 2022, Yuexiu REIT's portfolio of properties consisted of nine properties, namely, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Yuexiu Financial Tower located in Guangzhou, Yue Xiu Tower located in Shanghai, Wuhan Properties located in Wuhan, and Hangzhou Victory located in Hangzhou. The aggregate area of ownership of the properties was approximately 1,183,284.3 sq.m. and the total rentable area was 803,111.9 sq.m. (excluding 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m. of parking space 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 parking space and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; and 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Yue Xiu Tower; 62,785.7 sq.m. of parking space and 12,415.1 sq.m. of common facilities area of Wuhan Properties; and 17,663.6 sq.m. of parking space of Hangzhou Victory; 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area of Yuexiu Financial Tower, and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY VALUATION

On 30 June 2022, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Colliers International (Hong Kong) Limited ("Colliers"), an independent professional valuer, the revalued market value was approximately RMB42.38 billion.

The following table summarizes the valuation of each of the properties as at 30 June 2022 and 31 December 2021:

Name of Property	Valuation as at 30 June 2022 RMB million	Valuation as at 31 December 2021 RMB million	(Decrease)/ Increase percentage
White Horse Building	4,953	5,007	(1.1)
Fortune Plaza	1,253	1,253	0.0
City Development Plaza	1,051	1,056	(0.5)
Victory Plaza	955	955	0.0
GZIFC	18,756	18,786	(0.2)
Yue Xiu Tower	3,035	3,060	(0.8)
Wuhan Properties	3,629	3,629	0.0
Hangzhou Victory	621	619	0.3
Yuexiu Financial Tower	8,127	8,030	1.2
Total	42,380	42,395	0.0

MANAGEMENT DISCUSSION AND ANALYSIS

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	86.6%	811	510.6
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 ⁽²⁾	96.4%	78	152.7
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 ⁽³⁾	91.1%	79	141.6
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	94.1%	28	207.5
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	91.3%	270	223.4
Including:	Grade A office			267,804.4	183,539.6 ⁽⁴⁾	90.2%	217	239.2
	Retail shopping mall			46,989.2	46,727.3	95.8%	53	164.9
	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⁾	88.7%	118	234.8
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	75.6%	258	84.4
Including:	Grade A office		2016	139,937.1	129,446.7 ⁽⁷⁾	70.0%	162	96.4
	Retail shopping mall		2015	45,471.4	43,546.6 ⁽⁸⁾	92.1%	96	57.5
	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	Shangcheng District, Hangzhou	2017	40,148.4	22,484.8 ⁽⁹⁾	93.3%	26	123.5
Yuexiu Financial Tower	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8 ⁽¹⁰⁾	95.5%	238	198.0
Total				1,183,284.3	803,111.9	88.8%	1,906	198.3

Notes:

- (1) As at 30 June 2022;
- (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; and
- (10) Excluding 10,289.1 sq.m. of carpark spaces area and 29,797.1 sq.m. of common facilities area.

MANAGEMENT DISCUSSION AND ANALYSIS

OCCUPANCY RATE REMAINED AT RELATIVELY HIGH LEVEL

As at 30 June 2022, the overall occupancy rate of the properties was approximately 88.8%.

The following table sets out a comparison of occupancy rates in respect of all the properties between the Interim Period and the corresponding period of 2021:

Name of Property	Occupancy rate as at 30 June 2022	Occupancy rate as at 30 June 2021	Percentage (decrease) as compared to 30 June 2021
White Horse Building	86.6%	90.1%	(3.5)%
Fortune Plaza	96.4%	99.1%	(2.7)%
City Development Plaza	91.1%	94.7%	(3.6)%
Victory Plaza	94.1%	98.7%	(4.6)%
GZIFC Office	90.2%	92.9%	(2.7)%
GZIFC Shopping Mall	95.8%	96.5%	(0.7)%
Yue Xiu Tower	88.7%	92.2%	(3.5)%
Wuhan Properties Office	70.0%	88.1%	(18.1)%
Wuhan Properties Shopping Mall	92.1%	99.2%	(7.1)%
Hangzhou Victory	93.3%	95.9%	(2.6)%
Subtotal	86.9%	93.2%	(6.3)%
Yuexiu Financial Tower	95.5%	N/A	N/A
Total	88.8%	93.2%	(4.4)%

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average Occupancy rate ⁽¹⁾	Average room rate ⁽¹⁾ (RMB)
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	52.6%	1,558
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	84.2%	995

Notes:

(1) From 1 January 2022 to 30 June 2022;

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE GREW STEADILY

During the Interim Period, the properties of Yuexiu REIT recorded total revenue of approximately RMB943.7 million representing an increase of approximately RMB62.0 million as compared to the corresponding period of 2021. White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Yue Xiu Tower, Wuhan Properties, Hangzhou Victory and YueXiu Financial Tower accounted for approximately 6.7%, 3.7%, 3.5%, 3.4%, 45.9%, 5.5%, 7.2%, 1.8% and 22.3% of the total revenue, respectively.

The following table sets out a comparison of revenue in respect of the properties between the Interim Period and the corresponding period of 2021:

Name of Property	Six months ended 30 June		(Decrease)/ Increase RMB million	(Decrease)/ Increase percentage
	2022 RMB million	2021 RMB million		
White Horse Building	63.3	139.9	(76.6)	(54.8)
Fortune Plaza	34.7	36.4	(1.7)	(4.7)
City Development Plaza	33.3	35.2	(1.9)	(5.4)
Victory Plaza	32.5	34.8	(2.3)	(6.6)
GZIFC				
Office building	235.9	240.7	(4.8)	(2.0)
Retail mall	31.4	32.0	(0.6)	(1.9)
Hotel	116.8	145.1	(28.3)	(19.5)
Service apartments	48.9	50.5	(1.6)	(3.2)
Yue Xiu Tower	51.9	60.6	(8.7)	(14.4)
Wuhan Properties	68.1	90.0	(21.9)	(24.3)
Hangzhou Victory	16.9	16.5	0.4	2.4
Subtotal	733.7	881.7	(148.0)	(16.8)
YueXiu Financial Tower	210.0	N/A	N/A	N/A
Total	943.7	881.7	62.0	7.0

MANAGEMENT DISCUSSION AND ANALYSIS

GZIFC - STRENGTHENED LEASE RENEWAL TO ENHANCE RETENTION OF OFFICE TENANTS, OPTIMIZATION OF MALL LAYOUT TO BRING IN TRENDY BRANDS

In the first quarter of 2022, Guangzhou economy recovered gradually, however, the pandemic outbreak in Shanghai had extended the decision making period of many enterprises in leasing offices, the overall leasing demand in the Grade A office market was slowed down. The project team from GZIFC sought lease renewals by expanding channels in client visits and flexible leasing policies to retain tenants. Given the fact that the leasing area of over 30,000 sq.m. was going to expire in the first half of the year, based on a thorough understanding of customer needs, a targeted lease renewal plan was formulated by the project team to retain successfully a number of high-quality customers, achieving a high lease renewal rate of 96% for the first half of the year. Through continuous adjustment in tenant structure and well-promoted ties with the CBD management committee and prestigious foreign-funded consulting firms, established enterprises, including Tonghang Insurance Brokers Co. (同行保險經紀), Calorie Technology Co., Ltd (Keep), Zhongwan Private Equity (中灣私募), Beijing Trust (北京信託), LHP Law Firm (羅歡平律所) etc, were successfully introduced at a rent roughly on par with prevailing market price.

The operation team of GZIFC successfully introduced various brands, such as Famous Cuisine (半島名軒) for high-end banquet catering, "Paix" for western and light food, and Royal Garden (禦花房) for high-end light luxury florist, proving its mettle in properly overcoming the impact of the resurging pandemic. The team also renovated the stores on the atrium of B1 floor, and entered into a contract with the very first flagship store of Moutai Ice Cream (茅台冰淇淋) in Guangzhou, and the first Internet celebrity coffee shop of Fastfoot (急急腳) in the CBD, all of which had enriched the business format and attracted customers to visit and make purchases on the B1 floor and even the whole shopping mall in a comprehensive manner. By leveraging the said advantages of brands and stores with specific marketing strategies implemented in holidays and festivals, attracting and bringing in new customers via both online and offline marketing activities, as well as by synergizing the strengths of the mall tenants to further enhance the influence and competitiveness of GZIFC.

In the first half of the year, Four Seasons Hotel actively participated in the leading media platform live events and grand promotions to boost the hotel's exposure. By continuously launching creative themed rooms and gift packages, we captured high net worth leisure customers and improved hotel's revenue generation index. Ascott Serviced Apartments insisted on "complementing the long-term rent offering a preferential rate with the short-term rent asking for a comparatively higher rate", in order to strengthen revenue management, stabilized long-stay revenue through incentive programmes, and stimulated an increasing occupancy rate in the short-stay rental market with diversified product promotions, as a result, it ranked first both in operating revenue and GOP as compared to other Ascott Serviced Apartments in China. As of June 2022, when compared with direct competitors, the average occupancy rate for the Four Seasons Hotel was lower by 3.8 percentage points, however, average daily rent was higher by 10.7%, and RevPAR was higher by 3.3%, ranking second among the competitive hotels. Compared with market competitors, the average occupancy rate of Ascott Serviced Apartments was higher by 8.4 percentage points, average daily rent was higher by 16.2%, and RevPAR was higher by 53.2%, and it has been in a leading position continuously in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

YUEXIU FINANCIAL TOWER - STRINGENT QUALITY CONTROL TO ATTRACT NEW CUSTOMERS, LEASE RENEWAL IN ADVANCE TO BOOST AND STABILIZE OPERATION

Despite the sluggish external economic environment leading to weak leasing demand, coupled with fierce competition in Guangzhou office market, our project team had successfully introduced certain famous enterprises including Xinyuan Asset Management (鑫源基金) and Huarong Consumer Finance (華融消費金融) in the first half of the year, by vigorously initiating and expanding independent tenant solicitation, actively deepening promotion channels, and introducing stringent measures in selecting high-quality tenants, representing an additional contracted area of 11,353 square meters. Through minor renovations and capital innovation, the unit products were optimized and transformed to enhance product competitiveness, effectively shortened the tenant solicitation cycle, and stabilized the building occupancy rate. In respect of lease renewal, the project team negotiated for renewal in advance, and successfully renewed with foremost customers such as GD Technology Assets (粵科資產), isuwang.com (快塑網), Easylink Payment Co. Ltd. (易聯支付), achieving a renewal rate of 72% and an increase in rent by 7.5% in the first half of the year and ensuring a high-quality customer base.

WHITE HORSE BUILDING - FOCUSING ON PROCUREMENT NEEDS, PRECISE CUSTOMER SERVICE BOOSTED TRANSACTIONS

Facing local pandemic and multiple pressures from inside and outside the industry, White Horse Building has identified its goals as that precision marketing empowers tenants through actively fighting the pandemic, maintaining stable leasing activities, as well as providing timely preferential rental concessionary policies. On top of furthering tenant solicitation, achieving breakthrough in tenant solicitation while stabilizing existing leases, formulating relevant, specific and flexible leasing strategies, 37 premium tenants were successfully introduced in the first half of the year, leading to a gradually ascending occupancy rate. Publicity and promotion were carried out through organizing activities and scenario-based marketing in the form of events and micro-penetration in line with the business and communication format of new media. Launched summer sale events, VIP presale sessions and kiosks for on sale summer products. Moreover, research was conducted on the multiplicity of the business of tenants on the atrium of the first floor, and carried out multiple customer negotiations, which had engendered a breakthrough in new tenant portfolio, facilitating that Kowloon Ice House (九龍冰室), a top brand and other catering facilities were introduced to effectively improve customer flow and business ambience in the White Horse Building.

MANAGEMENT DISCUSSION AND ANALYSIS

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA - ACTIVELY ADJUSTING APPROACHES TO ACHIEVE OPERATIONAL STABILITY, PROACTIVE TENANTS SOLICITATION FOR LEASE RENEWAL

Based on market assessment and feedback, Fortune Plaza quickly adjusted the business positioning of the podium and introduced several tenants in the Comprehensive Health (大健康) industry, effectively stabilized operation on the podium, and successfully promoted and facilitated the important client, COSCO Logistics (中遠物流) to expand its lease area to the entire floor. City Development Plaza paid close attention to tenants' business dynamics, in the first half of the year, it successfully eliminated the risk of individual early lease cancellation of an entire floor, swiftly introduced a number of well-known enterprises, and continued to manage subsequent lease renewals to stabilize the occupancy rate of the building.

VICTORY PLAZA - COMPOSEDLY TACKLE RISKS TO STABILIZE OVERALL OPERATION

The operation team had decisively addressed the risk of rent arrears from the abrupt lease withdrawals by certain tenants due to the intermittent resurgence of the pandemic after the Spring Festival of this year. At the same time, this team performed well in tenant solicitation and set up tenant reserve in advance, seamlessly introduced new leases to reduce rental loss resulting from vacancies. Furthermore, the lease of the high-quality brand Hey Tea (喜茶) was successfully renewed at a rent increased by 13.65%, and stabilized the overall operation.

YUE XIU TOWER - PULLING TOGETHER TO COMBAT THE PANDEMIC AND SURMOUNTING ADVERSITY FOR BREAKTHROUGH

In the first half of 2022, in view of the lockdown measures imposed in Shanghai and the accompanying economic uncertainties, corporate tenants controlled their operating costs resulting in a significant decrease in their rental affordability. In this regard, the operation team of Yue Xiu Tower united in solidarity and seized the opportunities concealed in the pandemic crisis and managed to conclude contracts for the first time by online promotion, and completed the first online roadshow. The team also formulated unique lease renewal plans for high-quality customers and achieved a renewal rate of approximately 75% for the first half of the year. In addition, pursuant to the project positioning, focusing on the needs of small and medium-sized enterprises, introducing customized decoration in units achieving fully furnished and turnkey office units for tenants to move in instantly, and completing renovation of certain floors have continuously improved its product competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

WUHAN PROPERTIES - MAKING AN ALL-OUT EFFORT TO CONDUCT BUSINESS SOLICITATION, STABILIZING CUSTOMERS WITH ASSISTANCE IN THEIR OPERATION

In the first half of 2022, the office market in Wuhan started to see an outburst of new supplies, coupled with the resurgent pandemic further increased the difficulty of leasing transactions. In this regard, Wuhan Yuexiu Fortune Center adjusted its strategies for business solicitation in a timely manner, and dug deep into the industrial resources of government and enterprise channels. It flexibly adjusted its leasing resources according to customers' specific needs, and completed contract signing for drawings of leasing adjustment, ensuring a seamless connection. It actively expanded customer base and obtained high-quality customer information, and the proportion of independent business solicitation reached 80%. It contacted in advance the tenancy expiring in the year to carry out business solicitation, striving for seamless connection with tenants who would not renew leases after expiration. Affected by the low-price strategy of competing products in the market, the operation team strictly adhered to the bottom line of the pricing policy, and recorded a rental price of RMB96.4 per square meter in June, representing a year-on-year increase of 1.4%. In the first half of 2022, the LEED platinum certification service was officially launched, and the quality of customer service was continuously improved to attract and sign tenancy contract with more powerful customers.

Starry Victoria Shopping Centre implemented refined management for business solicitation. It conducted business solicitation in advance for shops with potential risk of lease termination, effectively shortened the business solicitation cycle and reduced its rental loss. In the first half of 2022, the newly contracted area was 3,818 square meters, representing a year-on-year increase of approximately 58%. Through multiple rounds of negotiation and the assistance policies provided during the pandemic, the tenants engaging in education and training industries on the third floor of Hall A have been stabilized, and all of them will be renewed upon tenancy expiration. The unit price of rent of renewed contracts increased by more than 3% compared with that last time. It will continue to implement the assistance mechanism of one strategy for one shop, strengthen on-site operation and quality management of tenants, and carry out operation assistance through multiple strategies.

HANGZHOU VICTORY - PREVENT BUSINESS RISKS AND PROACTIVELY MAINTAIN CUSTOMER RESERVE

Affected by the rebound of the pandemic and the postponement of the Asian Games, the on-site operation team monitored tenants' operating risks in multiple dimensions, alarmed the management about customers with potential risk of lease termination, actively visited companies with different channels and related business entities. At the same time, it maintained customer reserve, responded to risks in a timely manner and reduced loss from vacant units.

MANAGEMENT DISCUSSION AND ANALYSIS

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

In the first half of this year, the Manager continued to invest in a number of asset upgrading and refurbishment projects, among which projects been completed included the upgrading and renovation project of swimming pool in Ascott Serviced Apartment GZIFC, the ground renovation project of the logistics passage on the B2 floor and the logistics passage of the 1F banquet hall in Four Seasons Hotel GZIFC, the capital expenditure renovation has started for the change on the star-triangle of the fire water pumps in Yuexiu Fortune Center and Starry Victoria Shopping Centre, and the quality improvement and public area facilities renovation project for Yuexiu Fortune Center and Starry Victoria Shopping Centre. For the rest, ongoing projects formed part converting the replacement project of the air-conditioning cooling tower and the foam fire suppression system of the aircraft parking apron on the roof of the Four Seasons Hotel GZIFC, the water leakage retrofit project of the corridor on the 1st floor and the roof glass on the 103rd floor of the Four Seasons Hotel GZIFC, the replacement and retrofit project of heat medium pipelines in the Four Seasons Hotel GZIFC, the retrofit project of fan coil unit of air conditioners on the third floor of White Horse Building, the retrofit project of main fire hose in White Horse Building, the reconstruction project of stores for new leasing portfolio in White Horse Building, the wind cabinet replacement project on the second and third floors of the podium of Fortune Plaza, the replacement and retrofit project of certain air-conditioning system terminal in Fortune Plaza, retrofit project of surveillance system in Victoria Plaza, the retrofit project of fan coil unit of air conditioners in City Development Plaza, retrofit project and safety inspection and appraisal of glass curtain wall for City Development Plaza, renovation and reconstruction project of rental units for the office building of Yuexiu Fortune Center, rainwater and sewage pipeline retrofit project of Hangzhou Victory Block B, capital expenditure renovation of expired and vacant office units in Shanghai Yue Xiu Tower, retrofit project of the collecting well of pumping and drainage system for rainwater catchment for the office building of Shanghai Yue Xiu Tower, safety inspection of glass curtain walls for Guangzhou IFC, Yuexiu Financial Tower, City Development Plaza and Victory Plaza, structural safety monitoring programme for Guangzhou IFC, renovation and reconstruction projects of rental units for the office buildings of City Development Plaza, Fortune Plaza and Yuexiu Financial Tower. In total, they all amounted to an estimated investment of more than RMB50 million, aiming at continuously improving energy-saving efficiency, equipment safety and business environment across all projects.

In the second half of this year, the Manager is upholding plans to invest primarily in White Horse Building, the Four Seasons Hotel at GZIFC, Wuhan Yuexiu Fortune Centre and Starry Victoria Shopping Centre to achieve property preservation and value appreciation.

PROACTIVE MANAGEMENT OF MATURING DEBTS TO ALLEVIATE IMPACTS OF MARKET FLUCTUATIONS

The Manager proactively managed the maturing and subsisting debts, and in the first half of this year, exchanged the original domestic 4.31% interest rate bank loan for that of 3.5% by leveraging the downward trend in domestic interest rate. Being affected by the overall upward international market interest rate, the overall financing cost increased slightly, from an average of 2.25% at the beginning of the year to an average of 2.68% at the end of June 2022. Benefiting from the reasonable financing structures and the proactive management of the Manager, however, the increase of overall financing cost is lower than the market level. At the same time, the Manager maintained reasonable financing structures, 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, gross income was higher than the corresponding period of 2021. The following is a summary of Yuexiu REIT's financial results during the Interim Period:

	Six months ended 30 June		
	2022 Unaudited RMB'000	2021 Unaudited RMB'000	Increase/ (decrease)
Gross income	943,667	881,684	7.0%
Hotel and serviced apartments direct expenses	(126,235)	(132,742)	(4.9)%
Leasing agents' fee	(23,881)	(21,876)	9.2%
Property related taxes (Note 1)	(105,655)	(87,189)	21.2%
Other property expenses (Note 2)	(1,154)	(1,371)	(15.8)%
Total property operating expenses	(256,925)	(243,178)	5.7%
Net property income	686,742	638,506	7.6%
Withholding tax	(16,362)	(24,707)	(33.8)%
Depreciation and amortization	(67,525)	(64,665)	4.4%
Manager's fees	(82,130)	(71,078)	15.5%
Trustee's fees	(6,350)	(5,212)	21.8%
Other trust expenses (Note 3)	(45,526)	(7,904)	476.0%
Total non-property operating expenses	(217,893)	(173,566)	25.5%
Profit before finance income, finance expenses and tax	468,849	464,940	0.8%
Finance income	11,395	144,987	(92.1)%
Finance expenses	(995,477)	(213,263)	366.8%
(Loss)/profit before tax	(515,233)	396,664	(229.9)%
Income tax expenses	(132,074)	(105,482)	25.2%
Net (loss)/profit after tax before fair value gains on investment properties and fair value gain/(loss) on derivative financial instruments	(647,307)	291,182	(322.3)%
Fair value gains on investment properties	13,940	18,513	(24.7)%
Fair value gain/(loss) on derivative financial instruments	112,288	(24,096)	566.0%
Net (loss)/profit after tax before transactions with Unitholders	(521,079)	285,599	(282.5)%

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 etc.

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	
	2022	2021
Office (Note 1,2)	637,862	465,108
Wholesales (Note 2)	63,337	139,876
Retails (Note 2)	76,763	81,162
Hotel and serviced apartments (Note 3)	165,705	195,538
Total	943,667	881,684

Note 1 The revenue of Yuexiu Financial Tower was recorded since 24 December 2021.

Note 2 In 2022, due to the re-emergence of the COVID-19, Yuexiu REIT provided temporary rent concessions to certain tenants of its office, wholesales mall and retail mall.

Note 3 Due to the relapse of the COVID-19, Four Seasons Hotel Guangzhou recorded a drop in its average occupancy rate and average room rate.

During the Interim Period, net property income amounted to approximately RMB686,742,000 (2021: RMB638,506,000), 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 72.8% (2021: 72.4%) of total gross income. The table below sets out an analysis of net property income:

(RMB'000)	Six months ended 30 June	
	2022	2021
Office	536,762	393,992
Wholesales	53,900	119,306
Retails	64,554	68,923
Hotel and serviced apartments	31,526	56,285
Total	686,742	638,506

Hotel and serviced apartments direct expenses were RMB126,235,000 (including depreciation expense of RMB4,987,000 incurred in connection with right-of-use assets and interest expense of RMB184,000 incurred in connection with lease liabilities), a decrease of 4.9% as compared with six months ended 30 June 2021. It is mainly due to a decrease in the gross income from hotel and serviced apartments.

MANAGEMENT DISCUSSION AND ANALYSIS

Leasing agents' fee increased by approximately 9.2% as compared with six months ended 30 June 2021, it was mainly due to an increase of rental income.

Property related taxes increased by approximately 21.2% as compared with six months ended 30 June 2021, it was mainly due to an increase of rental income and the PRC Government had provided tax relief after the rent concession provided by Yuexiu REIT to its tenants at six months ended 30 June 2021 which did not occur in 2022.

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

The finance income received for the Interim Period amounted to approximately RMB11,395,000 (2021: RMB11,291,000 (After deducting the exchange gain of RMB against HK\$ and United States Dollar ("USD"), approximately RMB133,696,000)).

As RMB depreciated against HK\$ and USD for the Interim Period, the bank borrowings denominated in Hong Kong Dollar and guaranteed medium term notes denominated in Hong Kong Dollar and United States Dollar resulted in an exchange loss of approximately RMB779,563,000. The finance expenses incurred for the Interim Period amounted to approximately RMB215,914,000 (2021: RMB213,263,000).

Loss after tax before transactions with Unitholders amounted to approximately RMB521,079,000 (2021: Profit RMB285,599,000), which represented a decrease of approximately 282.5%, mainly due to an increase of finance expenses and the bank borrowings denominated in HK\$ and guaranteed medium term notes denominated in HK\$ and USD resulted in an exchange loss.

THE IMPACT OF THE OUTBREAK OF COVID-19 AND THE ACQUISITION OF YUEXIU FINANCIAL TOWER ON YUEXIU REIT

Multiple outbreaks of coronavirus disease 2019 have emerged in the People's Republic of China ("PRC") since the beginning of 2022. The Manager regards all of Yuexiu REIT's tenants as its long-term business partners. As such, having considered various factors, including (i) Yuexiu REIT's corporate social responsibility, (ii) the Rental Concession Guidelines issued by certain provincial or municipal governments in the PRC, (iii) the relevant profiles of Yuexiu REIT's tenants, and (iv) the operating pressure of tenants whose businesses were and may continue to be adversely affected by the outbreak, Yuexiu REIT will offer temporary rental concessions to certain tenants of offices, retail malls and the wholesale mall held by Yuexiu REIT (namely White Horse Building (白馬大廈) in Guangzhou, Yue Xiu Tower (上海越秀大廈) in Shanghai and Starry Victoria Shopping Centre (星匯維港購物中心) in Wuhan, but shall not include International Grade A office buildings) in support of the affected tenants and commercial and retail industry generally during this challenging time. At the same time, the hotel industry in the PRC has been adversely affected by the COVID-19 outbreak and the COVID-19 Measures, and Four Seasons Hotel Guangzhou, being the only hotel in Yuexiu REIT's property portfolio, was expected to have a negative impact on the gross revenue.

The acquisition of Yuexiu Financial Tower was completed on 23 December 2021. It is an international Grade-A office building and has borne less impact under this outbreak of COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS

The following is a summary of Yuexiu REIT's financial results, after the acquisition of Yuexiu Financial Tower and under the outbreaks of COVID-19, during the Interim Period:

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

	Existing Properties Portfolio (excluding Yuexiu Financial Tower)	Yuexiu Financial Tower	Total
Operation:			
Revenue	733,696,000	209,971,000	943,667,000
Net Property Income	508,932,000	177,810,000	686,742,000
Distribution:			
Interim Distribution	226,280,000		342,943,000
Number of Units issued (units)	3,437,385,017		4,671,788,055
DPU	0.0658		0.0734

NEW UNITS ISSUED AND UNIT ACTIVITY

On 26 January 2022, the Right Issue on the basis of 37 units for every 100 units held on the Rights Issue Record Date was completed, and Yuexiu REIT issued 1,234,403,038 units, of which 454,547,406 units were issued to independent third parties and 779,855,632 units were issued to Yuexiu Property Company Limited ("YXP") and its associates. The fund was used for partial payment of the acquisition cost of Guangzhou Yuexiu Financial Tower.

In respect of the partial settlement of Manager's fee during the relevant period, Yuexiu REIT issued 20,160,589 new units at HK\$3.35 per unit on 22 March 2022. As at 30 June 2022, a total of 4,671,788,055 units were issued by Yuexiu REIT.

The unit price of the Yuexiu REIT reached a high of HK\$3.47 and a low of HK\$2.99 during the Interim Period. The average trading volume amounted to approximately 3,095,000 units per day (2021: 2,353,000 units) during the Interim Period.

MANAGEMENT DISCUSSION AND ANALYSIS

DEFERRED UNITS

According to the offering circular in relation to the acquisition of GZIFC dated 30 June 2012, commencing from 31 December 2016, the Yuexiu REIT will, on 31 December of each year, issue to YXP (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of units that may be issued to YXP (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 YXP (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.

Accordingly, on 31 December 2021, the Yuexiu REIT issued 81,000,000 units (being the "2021 Deferred Units") at a price of HK\$4.00 per unit to a wholly-owned subsidiary of YXP in partial satisfaction of the outstanding consideration from the Yuexiu REIT's investment in Guangzhou International Finance Center in 2012.

As stated in the circular dated 13 November 2021 ("**2021 Circular**"), in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the 2021 Announcement (being HK\$3.67), the Deferred Units Issue Price shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per unit) by the fraction as set out under the Indebtedness Agreement and further described in the 2021 Circular (the "Deferred Units Issue Price Adjustment"). The Deferred Units Issue Price Adjustment has taken effect upon the completion of the Rights Issue, which has taken place on 26 January 2022.

Accordingly, following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as described in the announcement on 31 December 2021), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the Assignment consideration will be fully settled before 31 December 2025 by the issue of 329,808,584 Deferred Units (the "Further Deferred Units") in aggregate at HK\$3.861652 per unit.

NET ASSET VALUE

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2022 was approximately RMB3.63 (31 December 2021: RMB4.31).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL AND FINANCIAL STRUCTURE

Yuexiu REIT's borrowings are as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Bank borrowings and notes		
Denominated in RMB	1,555,400	1,284,400
Denominated in HK\$	15,234,892	13,793,799
Denominated in USD	2,678,981	2,544,240
Total bank borrowings and notes	<u>19,469,273</u>	<u>17,622,439</u>
Maturity analysis		
Within one year	3,445,067	2,893,984
Two to five years	15,853,206	14,557,455
Beyond five years	171,000	171,000
The effective interest rate (per annum) of the borrowings and notes at the balance sheet date		
RMB	3.80%	4.31%
HK\$	2.56%	1.98%
USD	2.72%	2.72%

The overall effective interest rate (per annum) of the borrowings and notes at the balance sheet date was 2.68% (as at 31 December 2021: 2.25%). The average interest rate was approximately 2.28% (2021: 2.77%) for the Interim Period.

On 21 June 2022, Yuexiu REIT, through its onshore project company, entered into a facility agreement with certain bank in connection with a five-year secured and fixed rate term (3.5% per annum) loan facility of RMB2,000,000,000. RMB713,400,000 was drawn down on 21 June 2022 and RMB271,000,000 was drawn down on 30 June 2022 for the purpose of repayment of certain RMB bank loan facility.

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 2022, 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 RMB6,737,932,000 (as at 31 December 2021: RMB2,525,377,000).

As at 30 June 2022, Yuexiu REIT held certain hedging financial derivatives with fair value liabilities of RMB123,506,000.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, total borrowings of Yuexiu REIT amounted to approximately RMB19,469,273,000 which represented approximately 43.9% 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 2022, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB26,127,655,000, representing approximately 59% of total assets of Yuexiu REIT.

CASH POSITION

As at 30 June 2022, cash and cash equivalents, short-term deposit balance and long-term bank deposit balance of Yuexiu REIT amounted to approximately RMB1,883,232,000. 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 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 2022 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2022 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2022.

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 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 Interim Period.

EMPLOYEES

As at 30 June 2022, Yuexiu REIT employed 546 and 125 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 C.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 is considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also do 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 that is designed to promote the operation of Yuexiu REIT in a transparent manner with built-in checks and balances which are critical to the performance of the Manager and consequently, the success of Yuexiu REIT which it manages.

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

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

AUTHORISATION STRUCTURE

Yuexiu REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. During the Interim Period, Mr. Lin Deliang, Mr. Kwan Chi Fai and Ms. Ou Haijing are 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.

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/or 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.

LEASING TRANSACTIONS

On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Leasing Framework Agreement with Guangzhou Yue Xiu Holdings Limited (“GZYX”) setting out the terms and conditions and pricing policy governing the connected leasing transactions between Yuexiu REIT group and Yuexiu connected persons group (being GZYX and its subsidiaries and associates) (“**Yuexiu Connected Persons Group**”) which are either in place or to be entered into or renewed from time to time for the period from 1 January 2022 to 31 December 2023, subject to the annual caps of RMB583,994,000 and RMB649,195,000 for the years ending 31 December 2022 and 2023, respectively.

During 2022 Interim Period, certain portions of City Development Plaza, GZIFC, Yuexiu Financial Tower, Fortune Plaza, Yue Xiu Tower, Wuhan Properties and Hangzhou Victory have been leased to the Yuexiu Connected Persons Group. Details are as follows:

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal day	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2022 Interim Period (RMB)
City Development Plaza									
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. (“Yicheng BM”)	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	2,766.51	1 Jan 2022	392,406	142	0	1	2,335,084
廣州鵬岸貿易有限公司	21FGHI	an associate of the Manager	691.63	1 Jun 2020	99,595	144	0	3	592,658
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	592,653
廣州悅秀智訊科技信息諮詢有限公司	18CDE	an associate of the Manager	461.09	1 Jun 2021	66,397	144	0	2.25	394,747
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 BM	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
Xingye	28FGHIJ	an associate of the Manager	922.17	1 Jan 2022	130,802	142	0	0.16	261,604
Xingye	10FG	an associate of the Manager	334.64	1 Sep 2021	44,618	133	0	0.66	176,997
Xingye	10A	an associate of the Manager	230.54	30 Dec 2021	31,836	138	0	0.09	31,836
Sub-total:									6,671,185

CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq. m.)	Lease commencement/ renewal day	Monthly rent (RMB)	Monthly rent per sq. m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2022
									Interim Period (RMB)
GZIFC									
GZYX	0401-B	an associate of the Manager	948.00	1 Dec 2021	180,571	190	0	3	1,010,207
GZYX	0401-C,D	an associate of the Manager	474.14	1 Jan 2022	90,312	190	0	1	537,418
GZYX	0601-A,C	an associate of the Manager	1,312.74	1 Jan 2022	288,803	220	0	3	1,573,924
Guangzhou Yuexiu Financial Holdings Co., Ltd.	0601-B,I	an associate of the Manager	208.80	1 Jan 2022	45,936	220	0	3	250,343
Guangzhou Yuexiu Asset Management Co., Ltd. ("GZ AM")	0601-D	an associate of the Manager	138.72	1 Sep 2019	30,796	222	0	3	181,056
GZ AM	0601-E	an associate of the Manager	46.82	1 Jan 2021	10,287	220	0	3	57,814
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,J	an associate of the Manager	1,056.15	1 Jan 2022	232,352	220	0	3	1,266,276
Guangzhou Futures Co., Ltd.	1004-1012	an associate of the Manager	2,234.43	1 Jan 2022	507,216	227	0	0.16	1,014,432
Guangzhou Yuexiu Financial Holdings Co., Ltd.	1004-1012	an associate of the Manager	2,234.43	1 Mar 2022	507,216	227	0	3	1,919,646
廣州越宏房地產開發有限公司	1401	an associate of the Manager	3,071.42	1 Jan 2022	801,487	261	0	3	4,367,958
廣州市佰城投資發展有限公司	1501	an associate of the Manager	3,141.03	1 Jan 2022	800,209	255	0	3	4,360,993
GCCD	1601	an associate of the Manager	3,156.79	1 Jan 2022	804,224	255	0	3	4,382,874
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	374,658
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	1,201,727
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL")	3207	an associate of the Manager	273.50	31 May 2022	61,212	224	0	1	57,031
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	393,033
廣州越秀資本投資管理有限公司	3309-3312	an associate of the Manager	1,095.81	1 Sep 2021	292,216	267	0	3	1,669,738
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	798,505
GZ AM	4001,02,03,05,06	an associate of the Manager	2,882.42	1 May 2021	749,429	260	0	3	4,282,277
Guangzhou Yuexiu Enterprises Holdings Ltd. ("YXE")	4606	an associate of the Manager	558.37	1 Jan 2018	138,263	248	0	4.83	842,310
GZYX	5004-B	an associate of the Manager	282.54	1 Jan 2022	68,617	243	0	1	408,318
YXE	5604	an associate of the Manager	533.50	25 Mar 2019	142,267	267	0	3.02	403,042
GZYX	5604	an associate of the Manager	533.50	1 Apr 2022	150,803	283	0	0.75	449,119
YXE	5605	an associate of the Manager	533.50	30 Aug 2021	142,267	267	0	2.01	809,095
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	1,008,186
GZYX	5801-A,05-A, 06-E,07-A	an associate of the Manager	734.15	1 Jun 2022	209,758	286	0	3	196,590

CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal day	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2022 Interim Period (RMB)
廣州越秀華城房地產開發有限公司 ⁽¹⁾	5801-B,02, 03,04-A	an associate of the Manager	1,196.58	1 Jul 2021	353,938	296	0	0.92	1,963,653
GZ AM	5804-B	an associate of the Manager	242.29	1 Jun 2019	67,610	279	0	3	332,728
廣州越秀華城房地產開發有限公司	5804-B	an associate of the Manager	242.29	1 Jun 2022	69,226	286	0	3	64,880
Yuexiu (China) Transport Infrastructure Investment Co., Ltd.	5804-C	an associate of the Manager	262.73	1 Jun 2019	73,314	279	0	3	360,799
Yue Tong	5804-C	an associate of the Manager	262.73	1 Jun 2022	75,066	286	0	3	70,354
Guangzhou Yuexiu Financial Holdings Co., Ltd. ⁽²⁾	5805-B, 06-A,06-B	an associate of the Manager	721.10	1 Jul 2020	201,221	279	0	1.92	1,183,359
Guangzhou Yuexiu Financial Leasing Co., Ltd. ⁽³⁾	5806-C	an associate of the Manager	133.50	1 Jun 2019	37,253	279	0	3	219,081
Guangzhou Paper Group Ltd. ⁽⁴⁾	5806-D	an associate of the Manager	85.49	1 Jun 2019	23,856	279	0	3	140,294
Guangzhou Yuexiu Fengxing Foods Group Co., Ltd. ("YX Fengxing Foods") ⁽⁵⁾	5807-B	an associate of the Manager	85.49	1 Jan 2021	23,856	279	0	1.41	117,401
廣州越秀發展集團有限公司	5807-B	an associate of the Manager	85.49	1 Jun 2022	24,426	286	0	3	22,893
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,B,C,D,E,F	an associate of the Manager	3,299.48	1 Jan 2022	1,150,100	349	0	3	6,267,835
GZYX	6401,6501	an associate of the Manager	6,509.02	1 Jan 2022	2,420,704	372	0	3	13,192,395
Yuexiu (China) Transport Infrastructure Investment Co., Ltd.	Annex 440-A	an associate of the Manager	199.06	1 Jan 2022	39,016	196	0	1	232,172
Guangzhou Yuexiu Financial Holdings Co., Ltd.	Annex 440-B	an associate of the Manager	214.97	1 Jan 2022	42,134	196	0	1	250,726
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	Annex 440-C	an associate of the Manager	159.29	1 Jan 2022	31,221	196	0	1	185,786
廣州越秀商業地產投資管理有限公司	Annex 440-D	an associate of the Manager	285.30	1 Jan 2022	55,919	196	0	1	332,756
GCCD	Annex 440-E	an associate of the Manager	779.92	1 Jan 2022	152,864	196	0	1	909,646
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	30.77	1 Jan 2022	6,031	196	0	1	35,889
廣州越創智數信息科技有限公司	Annex 440-G	an associate of the Manager	141.08	1 Jan 2022	27,652	196	0	1	164,548
GZYX	Annex 440-H	an associate of the Manager	557.62	1 Jan 2022	109,294	196	0	1	650,374
Guangzhou Yuexiu Financial Technology Co., Ltd.	Annex 440-I	an associate of the Manager	155.10	1 Jan 2022	30,400	196	0	1	180,901
Guangzhou Futures Co., Ltd.	Annex 440-J	an associate of the Manager	133.54	1 Jan 2022	26,174	196	0	1	155,753
GZ JLL	Annex 440-K	an associate of the Manager	11.30	1 Jan 2022	2,215	196	0	1	13,181
Guangzhou Yuexiu Business Operation Management Co., Ltd.	Annex 440-L	an associate of the Manager	7.54	1 Jan 2022	1,478	196	0	1	8,795
廣期資本管理(上海)有限公司	Annex 440-M	an associate of the Manager	6.07	1 Jan 2022	1,190	196	0	1	7,081
GZ JLL	Carpark	an associate of the Manager	71,082.79	1 Jan 2022	1,390,835	20	0	1	8,276,421
廣州皇上皇集團股份有限公司 ⁽⁶⁾	Podium B105a	an associate of the Manager	361.20	15 Sep 2021	87,720	243	0	3	495,660
廣州皇上皇集團股份有限公司	Advertising Space of B1ADa19-3, B1ADc21, B1ADd17-2, B1ADc22, ADh27-1	an associate of the Manager	N/A	26 Nov 2021	20,193	N/A	0	0.17	16,285
廣州風行乳業股份有限公司	B1V101-1,2	an associate of the Manager	63.00	5 Nov 2021	36,000	571	0	0.58	184,800
Sub-total:									79,387,275

CONNECTED PARTY TRANSACTIONS

- (1) On 1 June 2022, 廣州越秀華城房地產開發有限公司 entered into a lease with GZIFC, to renew a lease of Unit 5801-B, 02,03,04-A of GZIFC, for a term of three years commencing from 1 June 2022, the monthly rent adjusted to RMB 341,880 and the unit price of rent adjusted to RMB 286/m²/month.
- (2) On 1 June 2022, Guangzhou Yuexiu Financial Holdings Co., Ltd entered into a lease with GZIFC, to renew a lease of Unit 5805-B, 06-A, 06-B of GZIFC, for a term of three years commencing from 1 June 2022, the monthly rent adjusted to RMB 206,028 and the unit price of rent adjusted to RMB 286/m²/month.
- (3) On 1 June 2022, Guangzhou Yuexiu Financial Leasing Co., Ltd. entered into a lease with GZIFC, to renew a lease of Unit 5806-C of GZIFC, for a term of three years commencing from 1 June 2022, the monthly rent adjusted to RMB 38,143 and the unit price of rent adjusted to RMB 286/m²/month.
- (4) On 1 June 2022, Guangzhou Paper Group Ltd. entered into a lease with GZIFC, to renew a lease of Unit 5806-D of GZIFC, for a term of three years commencing from 1 June 2022, the monthly rent adjusted to RMB 24,426 and the unit price of rent adjusted to RMB 286/m²/month.
- (5) On 1 April 2022, YX Fengxing Foods, its registered Chinese corporate name has been changed from “越秀風行食品” to “廣州越秀食品集團有限公司 (越秀食品)”. The English name of YX Fengxing Foods changed into Guangzhou Yuexiu Foods Group Co., Ltd. (“Yuexiu Foods”).
- (6) On 1 May 2022, 廣州皇上皇集團股份有限公司 entered into a lease with GZIFC, to renew a lease of Podium B105a of GZIFC, the tenant of which has been changed into 廣州皇上皇飲食管理有限公司 for a term of 2.38 years commencing from 1 May 2022, and other lease conditions remained unchanged.

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease			Rent free period (days)	Term (years)	Rental income during 2022
				commencement/ renewal day	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)			Interim Period (RMB)
Yuexiu Financial Tower									
廣州越秀華城房地產開發有限公司	102	an associate of the Manager	114.52	1 Jan 2022	57,260	500	0	0.5	343,560
Chong Hing Bank Limited Guangzhou Sub-Branch ("Chong Hing Guangzhou")	101,201,301	an associate of the Manager	974.85	1 Oct 2021	336,327	345	0	1.5	1,965,365
GZ JLL	403	an associate of the Manager	30.00	1 Jan 2022	4,800	160	0	2	28,564
廣州越秀華城房地產開發有限公司	404	an associate of the Manager	94.18	16 Apr 2021	20,720	220	0	4.72	123,122
GZ JLL	410	an associate of the Manager	15.00	1 Feb 2021	2,343	156	0	1.92	13,936
金鷹基金管理有限公司	3001-16	an associate of the Manager	3,126.66	1 Jan 2022	655,110	210	0	3	3,972,691
廣州宏勝房地產開發有限公司	3102	an associate of the Manager	1,656.10	1 Jan 2022	394,309	238	0	1	2,346,408
廣州越秀華城房地產開發有限公司	3101	an associate of the Manager	1,468.61	1 Jan 2022	349,669	238	0	1	2,080,770
廣州裕秀房地產開發有限公司 ⁽¹⁾	3207-08	an associate of the Manager	485.52	1 Jan 2021	127,206	262	0	5	756,548
廣州越冠房地產開發有限公司	3501-03	an associate of the Manager	850.88	1 May 2020	202,590	238	0	2.67	1,186,188
廣州敏秀房地產開發有限公司 ⁽²⁾	4304B-09A	an associate of the Manager	915.75	1 May 2021	238,095	260	0	1	1,412,936
廣州南方智煤產業園有限公司 ⁽³⁾	4309B-12A	an associate of the Manager	610.50	1 May 2021	158,730	260	0	1	941,957
廣州越創房地產開發有限公司	4312B-15A	an associate of the Manager	610.50	1 May 2021	158,730	260	0	1	626,222
廣州東秀房地產開發有限公司	4312B-15A	an associate of the Manager	610.50	1 May 2022	158,730	260	0	0.25	315,735
廣州東秀房地產開發有限公司 ⁽⁴⁾	4315B-16	an associate of the Manager	305.25	1 May 2021	79,365	260	0	1	470,979
廣州裕秀房地產開發有限公司 ⁽⁵⁾	4516	an associate of the Manager	237.68	1 Jan 2021	62,272	262	0	5	370,358
Guangzhou Yuexiu Financial Leasing Co., Ltd.	4601-16	an associate of the Manager	3,121.83	1 May 2021	737,347	236	0	3	4,063,168
Chong Hing Guangzhou	5001-16	an associate of the Manager	3,053.36	1 Dec 2021	726,990	238	0	3	4,288,526
廣州資產管理有限公司	5309-10	an associate of the Manager	414.39	28 Mar 2022	82,878	200	0	2.35	255,854
Chong Hing Guangzhou	5407	an associate of the Manager	674.49	30 Jun 2022	160,593	238	0	3	4,936
廣州越秀華城房地產開發有限公司	5614-16	an associate of the Manager	637.77	1 Jan 2021	172,198	270	0	5	1,024,135
廣州越秀華城房地產開發有限公司	5707	an associate of the Manager	139.88	16 Apr 2021	34,970	250	0	4.72	207,798
廣州裕秀房地產開發有限公司 ⁽⁶⁾	5708	an associate of the Manager	332.32	1 Jan 2021	87,068	262	0	5	517,830
廣州資產管理有限公司	5803	an associate of the Manager	159.59	15 Sep 2020	40,277	252	0	2.79	243,492

CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal day	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2022
									Interim Period (RMB)
廣州資產管理有限公司	5804-06	an associate of the Manager	478.78	1 Jul 2020	116,275	243	0	3	667,315
廣州資產管理有限公司	5807-08	an associate of the Manager	468.56	1 Sep 2020	118,256	252	0	2.83	716,039
廣州資產管理有限公司	5809-16	an associate of the Manager	1,506.69	28 Jun 2020	380,260	252	0	3.01	2,304,786
廣州資產管理有限公司	5905	an associate of the Manager	339.70	1 Jun 2020	82,499	243	0	3.08	474,118
廣州資產管理有限公司	5906	an associate of the Manager	194.23	1 Jul 2020	47,170	243	0	3	286,307
廣州資產管理有限公司	5907	an associate of the Manager	657.29	1 Jan 2021	159,628	243	0	2.5	962,877
廣州資產管理有限公司	5910	an associate of the Manager	378.95	16 Jul 2021	88,422	233	0	3.05	507,133
廣州樾富房地產開發有限公司 ⁽⁹⁾	6009-11	an associate of the Manager	550.31	1 Jan 2021	144,181	262	0	5	857,506
廣州樾富房地產開發有限公司 ⁽¹⁰⁾	6015-16	an associate of the Manager	460.97	1 Jan 2021	120,774	262	0	5	718,295
廣州市穗港澳合作交流促進會 ⁽¹¹⁾	6103	an associate of the Manager	155.59	1 Jun 2021	31,118	200	0	1	185,904
Guangzhou Yuexiu Financial Leasing Co., Ltd.	6402	an associate of the Manager	381.4	1 Feb 2022	97,348	255	0	2.5	475,853
廣州樾富房地產開發有限公司 ⁽¹⁰⁾	6403	an associate of the Manager	273.21	1 Jan 2021	71,581	262	0	5	564,494
廣州市品管房地產開發有限公司	6809-11A	an associate of the Manager	443.75	28 Apr 2020	109,881	248	0	3.01	609,696
廣州市品管房地產開發有限公司	6811B-16	an associate of the Manager	827.79	1 Jan 2020	204,977	248	0	2.5	1,165,909
廣州越秀華城房地產開發有限公司	6701	an associate of the Manager	977.62	16 Apr 2021	271,778	278	0	4.72	1,620,956
Chong Hing Guangzhou	Logo on the South of the Roof	an associate of the Manager	412.50	1 Apr 2021	63,492	154	0	2	378,343
Guangzhou Yuexiu Financial Holdings Co., Ltd.	Logo on the North of the Roof	an associate of the Manager	412.50	1 Jan 2021	79,365	192	0	3	476,191
廣州越冠房地產開發有限公司	3504	an associate of the Manager	404.00	1 May 2020	96,190	238	0	2.67	559,985
廣州越冠房地產開發有限公司	3505	an associate of the Manager	874.07	1 Jan 2021	208,029	238	0	5	1,249,541
廣州越秀華城房地產開發有限公司	3601	an associate of the Manager	1,685.00	16 Apr 2021	370,700	220	0	4.72	2,210,953
廣州越秀城開房地產開發有限公司	LED Advertising Space	an associate of the Manager	265.42	1 Jan 2022	396,825	1,495	0	1	2,380,950
GCCD	Parking apron	an associate of the Manager	N/A	1 Jan 2021	N/A	N/A	0	5	1,501,643
廣州匯城實業發展有限公司 ⁽¹¹⁾	Carpark	an associate of the Manager	10,289.05	24 Dec 2021	1,181,667	115	0	3.02	7,024,399
廣州資產管理有限公司	5311-13	an associate of the Manager	496.29	25 Oct 2021	106,348	214	0	2.77	608,234
Guangzhou Yuexiu Financial Leasing Co., Ltd.	6401,10,11	an associate of the Manager	778.04	1 Aug 2021	198,585	255	0	3	1,171,458
Sub-total:									57,239,963

- (1) On 1 April 2022, 廣州裕秀房地產開發有限公司 entered into a lease with 廣州譽耀置業有限公司 (Guangzhou Yuyao Real Estate Co., Ltd.), to renew a lease of Unit 3207-08 of Yuexiu Financial Tower, the tenant of which has been changed into 廣州市品輝房地產開發有限公司 for a term of 3.76 years commencing from 1 April 2022, and other lease conditions remained unchanged.
- (2) On 1 May 2022, 廣州敏秀房地產開發有限公司 entered into a lease with 廣州景耀置業有限公司 (Guangzhou Jingyao Real Estate Co., Ltd.), to renew a lease of Unit 4304B-09A of Yuexiu Financial Tower, for a term of six months commencing from 1 May 2022, and other lease conditions remained unchanged.

CONNECTED PARTY TRANSACTIONS

- (3) On 1 May 2022, 廣州南方智煤產業園有限公司 entered into a lease with Guangzhou Jingyao Real Estate Co., Ltd., to renew a lease of Unit 4309B-12A of Yuexiu Financial Tower, for a term of six months commencing from 1 May 2022, and other lease conditions remained unchanged.
- (4) On 1 May 2022, 廣州東秀房地產開發有限公司 entered into a lease with Guangzhou Jingyao Real Estate Co., Ltd., to renew a lease of Unit 4315B-16 of Yuexiu Financial Tower, for a term of three months commencing from 1 May 2022, and other lease conditions remained unchanged.
- (5) On 1 April 2022, 廣州裕秀房地產開發有限公司 entered into a lease with Guangzhou Jingyao Real Estate Co., Ltd., to renew a lease of Unit 4516 of Yuexiu Financial Tower, the tenant of which has been changed into 廣州市品輝房地產開發有限公司 for a term of 3.76 years commencing from 1 April 2022, and other lease conditions remained unchanged.
- (6) On 1 April 2022, 廣州裕秀房地產開發有限公司 entered into a lease with 廣州晉耀置業有限公司 (Guangzhou Jinyao Real Estate Co., Ltd.), to renew a lease of Unit 5708 of Yuexiu Financial Tower, the tenant of which has been changed into 廣州市品輝房地產開發有限公司 for a term of 3.76 years commencing from 1 April 2022, and other lease conditions remained unchanged.
- (7) On 1 April 2022, 廣州樾富房地產開發有限公司 entered into a lease with Guangzhou Jinyao Real Estate Co., Ltd., to renew a lease of Unit 6009-11 of Yuexiu Financial Tower, the tenant of which has been changed into 廣州市品悅房地產開發有限公司 for a term of 3.76 years commencing from 1 April 2022, and other lease conditions remained unchanged.
- (8) On 1 April 2022, 廣州樾富房地產開發有限公司 entered into a lease with Guangzhou Jinyao Real Estate Co., Ltd., to renew a lease of Unit 6015-16 of Yuexiu Financial Tower, the tenant of which has been changed into 廣州市品悅房地產開發有限公司 for a term of 3.76 years commencing from 1 April 2022, and other lease conditions remained unchanged.
- (9) On 1 June 2022, 廣州市穗港澳合作交流促進會 entered into a lease with Guangzhou Jinyao Real Estate Co., Ltd., to renew a lease of Unit 6103 of Yuexiu Financial Tower, for a term of one year commencing from 1 June 2022, and other lease conditions remained unchanged.
- (10) On 1 April 2022, 廣州樾富房地產開發有限公司 entered into a lease with Guangzhou Jinyao Real Estate Co., Ltd., to renew a lease of Unit 6403 of Yuexiu Financial Tower, the tenant of which has been changed into 廣州市品悅房地產開發有限公司 for a term of 3.76 years commencing from 1 April 2022, and other lease conditions remained unchanged.
- (11) On 1 April 2022, 廣州滙城實業發展有限公司 entered into a lease with Guangzhou Jinyao Real Estate Co., Ltd., Guangzhou Jingyao Real Estate Co., Ltd., 廣州佳耀置業有限公司 (Guangzhou Jiayao Real Estate Co., Ltd.) and Guangzhou Yuyao Real Estate Co., Ltd., to renew a lease of Carpark of Yuexiu Financial Tower, the tenant of which has been changed into 廣州越秀華城房地產開發有限公司 for a term of 2.76 years commencing from 1 April 2022, and other lease conditions remained unchanged.

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease			Rent free period (days)	Term (years)	Rental income during 2022
				commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)			Interim Period (RMB)
Fortune Plaza									
Yicheng BM	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	847,342
								Sub-total:	2,011,625

CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	Lease				Rental income during 2022		
			GFA (sq.m.)	commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Interim Period (RMB)
Yuexiu Tower									
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") ⁽¹⁾	2801-05	an associate of the Manager	1,444.18	1 Dec 2019	398,275	276	0	2.25	2,331,738
Shanghai Yuexiu Finance Leasing Co., Ltd. ⁽²⁾	2101,05-07	an associate of the Manager	1,006.41	1 May 2017	306,116	304	0	5	1,742,956
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 廣期資本管理(上海)有限公司	1202,03,04,05B 701,707A,708	an associate of the Manager	788.41 539.81	30 Dec 2020 1 Mar 2021	223,740 125,098	284 232	0	3 2.59	1,286,753 723,455
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. Shanghai Branch ("Yicheng Shanghai")	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	1,255,572
Shanghai Yuexiu Finance Leasing Co., Ltd.	1205A,06B	an associate of the Manager	101.03	31 May 2021	28,681	284	0	2.58	175,173
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	314,248
Guangzhou Futures Co., Ltd. Shanghai 廣期資本管理(上海)有限公司	1503 2201,05A,06,07	an associate of the Manager	317.77 843.67	1 Oct 2021 31 Dec 2021	73,651 234,619	232 278	0	2.67 3	426,382 1,311,195
Sub-total:								11,227,666	

- (1) On 1 March 2022, Chong Hing Shanghai entered into a lease with Shanghai Hong Jia Real Estate Development Co., Ltd. to renew a lease of Unit 2801-05 of Yuexiu Tower, for a term of three years commencing from 1 March 2022, and other lease conditions remained unchanged.
- (2) On 1 May 2022, Shanghai Yuexiu Finance Leasing Co., Ltd. entered into a lease with Shanghai Hong Jia Real Estate Development Co., Ltd. to renew a lease of Unit 2101, 05-07 of Yuexiu Tower, for a term of three years commencing from 1 May 2022, and other lease conditions remained unchanged.

CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/		Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental Income during 2022
				renewal date	Monthly rent (RMB)				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
武漢越秀商業管理有限公司	6001A,6001B	an associate of the Manager	886.78	1 Jan 2022	124,149	140	0	0.5	744,894
Guangzhou Yuexiu Xingye Property Agent Ltd. Wuhan	6101A	an associate of the Manager	339.83	27 Dec 2020	47,576	140	0	3.01	281,823
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
廣州東秀房地產開發有限公司	6201A	an associate of the Manager	875.91	1 Jan 2021	140,025	160	0	1.67	726,176
武漢康景實業投資有限公司	6201B,6301	an associate of the Manager	2,707.10	1 Sep 2017	373,838	138	0	5	2,250,112
廣州匯城實業發展有限公司 ⁽¹⁾	Carpark	an associate of the Manager	47,182.94	1 Jan 2021	625,000	13	0	3	3,719,178
廣州匯城實業發展有限公司 ⁽¹⁾	Carpark	an associate of the Manager	15,602.82	1 Jan 2021	290,000	19	0	3	1,725,699
湖北悅秀實地產經紀有限公司	A1022	an associate of the Manager	40.22	1 Apr 2021	3,722	93	0	1	11,013
Sub-total:									11,883,509

- (1) 廣州匯城實業發展有限公司 entered into a lease with Wuhan Yuexiu Property Development Limited, to renew a lease of Carpark of Wuhan Properties, the tenant of which has been changed into 廣州越秀華城房地產開發有限公司 for a term of 1.75 years commencing from 1 April 2022, and other lease conditions remained unchanged.

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/		Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2022
				renewal day	Monthly rent (RMB)				Interim Period (RMB)
Hangzhou Victory									
Guangzhou Yuexiu Xingye Property Agent Ltd. Hangzhou	601-1	an associate of the Manager	188.25	20 Dec 2021	22,590	120	0	1	134,426
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	340.60	25 Dec 2020	36,506	107	0	3	220,788
杭州越秀房地產開發有限公司	1201,1703,1801, 1802,1803	an associate of the Manager	1,934.43	1 Oct 2021	301,551	156	0	3	1,792,798
杭州杭秀房地產開發有限公司	202-2,1701	an associate of the Manager	743.74	1 Oct 2021	88,878	120	0	3	528,402
杭州越嘉房地產開發有限公司	302-2,301-1, 302-1,1702	an associate of the Manager	1,325.92	1 Oct 2021	180,427	136	0	3	1,072,685
Sub-total:									5,309,932
Total:									173,731,155

CONNECTED PARTY TRANSACTIONS

NAMING RIGHTS AGREEMENT

Name	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount received/receivable for 2022 Interim Period (RMB)	Naming Rights Period
YXP	an associate of the Manager	Yue Xiu Financial Tower	naming rights	10,000,000	23 December 2021 to 31 December 2023

APARTMENT SERVICE

The Yuexiu Connected Persons Group provided apartment service to Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd Four Season Branch, a subsidiary's branch of Yuexiu REIT. Details are as follows:

Landlord	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal day	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Lease payment during 2022 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	5,581,000

CONNECTED PARTY TRANSACTIONS

PROPERTY MANAGEMENT AGREEMENTS

On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Property Management Framework Agreement with GZYX setting out the terms and conditions and pricing policy governing the connected property management transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2022 to 31 December 2023.

The following table sets forth information for the period in relation to the property management services provided by the Yuexiu Connected Persons Group to the properties of Yuexiu REIT:

Property Manager	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2022 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 BM	an associate of the Manager	Fortune Plaza	1 Jan 2020	Property Management Agreement	N/A
Yicheng BM	an associate of the Manager	City Development Plaza	19 Jul 2019	Property Management Agreement	N/A
Yicheng BM	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
GZ JLL	an associate of the Manager	Yue Xiu Financial Tower	1 Aug 2020	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
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. Hangzhou Branch ("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

On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Tenancy Services Framework Agreement with Yuexiu Property setting out the terms and conditions and pricing policy governing the connected tenancy services transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2022 to 31 December 2023, subject to the annual caps of RMB78,945,000 and RMB86,313,000 for the years ending 31 December 2022 and 2023, respectively.

The following table sets forth information for the period in relation to the tenancy services provided by the Yuexiu Connected Persons Group to the properties of Yuexiu REIT:

Service provider	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2022 Interim Period (RMB)
Baima BM	an associate of the Manager	White Horse Building	1 Jan 2021	Tenancy Services Agreement	1,900,000
Yicheng BM	an associate of the Manager	Fortune Plaza	1 Jan 2021	Tenancy Services Agreement	1,311,000
Yicheng BM	an associate of the Manager	City Development Plaza	1 Jan 2021	Tenancy Services Agreement	1,260,000
Yicheng BM	an associate of the Manager	Victory Plaza	1 Jan 2021	Tenancy Services Agreement	1,301,000
Yicheng BM	an associate of the Manager	Fortune Plaza 1701	1 Jan 2021	Tenancy Services Agreement	32,000
GZ AM	an associate of the Manager	GZIFC	1 Jan 2021	Tenancy Services Agreement	7,356,000
Yicheng BM	an associate of the Manager	Yue Xiu Financial Tower	24 Dec 2021	Tenancy Services Agreement	5,763,000
Guangzhou Yuexiu Asset Management Co., Ltd. Shanghai Branch	an associate of the Manager	Yue Xiu Tower	1 Jan 2021	Tenancy Services Agreement	1,557,000
Yicheng Wuhan	an associate of the Manager	Wuhan Properties	1 Jan 2021	Tenancy Services Agreement	2,723,000
Yicheng Hangzhou	an associate of the Manager	Hangzhou Victory	1 Jan 2021	Tenancy Services Agreement	678,000

CONNECTED PARTY TRANSACTIONS

TRADE MARK LICENCE AGREEMENTS

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

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2022	
				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 GZYX.

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 Yuexiu Connected Persons Group 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 2022		Amount received/receivable for 2022
			Interim Period (RMB)	Nature of Transaction	
GCCD	an associate of the Manager	4 May 2012	40,106,000	Interest on the balance of construction payable	1,712,000

CONNECTED PARTY TRANSACTIONS

ORDINARY BANKING SERVICES

Name	Nature of transaction	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/payable within the 2022 Interim Period	Amount of interest paid/payable within the 2022 Interim Period (RMB)
Chong Hing Bank Limited ("Chong Hing Bank")	Loan ⁽¹⁾	an associate of the Manager	November 2016	— ⁽²⁾	—	2,496,000

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

(2) On 21 June 2022, Yuexiu REIT repaid a loan in the principal amount of RMB121,000,000 to Chong Hing Bank.

Name	Nature of transaction	Relationship with Yuexiu REIT	The balance of bank deposits amount as at 30 June 2022 (RMB)	The highest daily aggregate amount of bank deposits within the 2022 Interim Period (RMB)	Amount of interest received/receivable within the 2022 Interim Period (RMB)
Chong Hing Bank	Bank deposits	an associate of the Manager	54,012,775	54,012,775	442,000

FINANCING OF THE DEFERRED COMPLETION PAYMENT

Name	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/payable within the 2022 Interim Period	Amount of interest paid/payable within the 2022 Interim Period (RMB)
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") ⁽¹⁾	an associate of the Manager	21 December 2017	20,000	—	—
YXP	an associate of the Manager	23 December 2021	— ⁽²⁾	—	3,619,000

(1) On 21 December 2018, Yuexiu REIT repaid the deferred completion payment of approximately RMB803,783,000 to GCD (China), the balance of approximately RMB20,000 will be settled upon payment of tax by the counterparty.

(2) On 27 January 2022, Yuexiu REIT repaid the deferred offshore repayment amount of approximately RMB3,500,000,000 to YXP.

CONNECTED PARTY TRANSACTIONS

HSBC GROUP*

Set out below is the information in respect of the connected party transactions involving Yuexiu REIT and the 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)).

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:

ORDINARY BANKING SERVICES

Name	Nature of transaction	Date of agreement	Principal amount	Amount of interest paid/payable within the 2022 Interim Period
HSBC Group	Loan ⁽¹⁾	November 2019	HK\$830,000,000	RMB6,204,000

Name	Nature of transaction	Date of agreement	Nominal amount	Payable as at 30 June 2022
HSBC Group	Foreign Exchange Hedging ⁽²⁾	September 2020	HK\$400,000,000	RMB11,451,000

(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 2022 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 2022 Interim Period.

CONNECTED PARTY TRANSACTIONS

WAIVER FROM STRICT COMPLIANCE

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

CONFIRMATION 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 Yuexiu Connected Persons 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 2022 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB82,130,000, all of which was settled by the issuance of new Units. For the avoidance of doubt, the services provided by the Manager pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

TRUSTEE'S FEES

During the 2022 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB6,350,000. For the avoidance of doubt, the services provided by the Trustee pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

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	As at 1 January 2022			As at 30 June 2022		
	Nature of Interest	Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	% Change in Holdings
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Ms. Ou Haijing	Beneficial	1,000	0.000029%	1,000	0.000021%	(0.000008)
Mr. Li Feng	Beneficial	1,825	0.000053%	2,500	0.000054%	0.000001
Mr. Zeng Zhizhao	—	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	—	—

CONNECTED PARTY TRANSACTIONS

HOLDINGS OF SUBSTANTIAL 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 2022		As at 30 June 2022		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
GZYL ⁽¹⁾	Deemed	2,994,833,139 ⁽⁴⁾	64.38% ⁽⁵⁾	2,571,852,737 ⁽³⁾	55.05% ⁽⁶⁾	(9.33%)
	Total	2,994,833,139 ⁽⁴⁾	64.38% ⁽⁵⁾	2,571,852,737 ⁽³⁾	55.05% ⁽⁶⁾	(9.33%)
Yue Xiu	Beneficial	730,859,885 ⁽⁴⁾	15.71%	37,428	–	(15.71%)
	Deemed	2,263,973,254 ⁽⁴⁾	48.67% ⁽⁵⁾	2,571,815,309 ⁽³⁾	55.05% ⁽⁶⁾	6.38%
	Total	2,994,833,139 ⁽⁴⁾	64.38% ⁽⁵⁾	2,571,852,737 ⁽³⁾	55.05% ⁽⁶⁾	(9.33%)
YXP ⁽²⁾	Beneficial	–	–	–	–	–
	Deemed	2,166,382,314 ⁽⁴⁾	46.57% ⁽⁵⁾	2,197,949,993 ⁽³⁾	47.05% ⁽⁶⁾	0.48%
	Total	2,166,382,314 ⁽⁴⁾	46.57% ⁽⁵⁾	2,197,949,993 ⁽³⁾	47.05% ⁽⁶⁾	0.48%
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	2,003,293,697 ⁽⁴⁾	43.07% ⁽⁵⁾	2,014,700,787 ⁽³⁾	43.12% ⁽⁶⁾	0.05%
	Deemed	–	–	–	–	–
	Total	2,003,293,697 ⁽⁴⁾	43.07% ⁽⁵⁾	2,014,700,787 ⁽³⁾	43.12% ⁽⁶⁾	0.05%
Beyond Best Global Limited ("BBG")	Beneficial	–	–	225,000,000	55.05%	55.05%
	Deemed	–	–	2,346,852,737	–	–
	Total	–	–	2,571,852,737 ⁽⁷⁾	–	–
Radiant World Investment Limited	Deemed	–	–	2,571,852,737	55.05%	55.05%
	Total	–	–	2,571,852,737 ⁽⁷⁾	–	–
Sun Advance Limited ("SA")	Deemed	–	–	2,571,852,737	55.05%	55.05%
	Total	–	–	2,571,852,737 ⁽⁷⁾	–	–
TONG WING CHI	Deemed	–	–	2,571,852,737	55.05%	55.05%
	Total	–	–	2,571,852,737 ⁽⁷⁾	–	–
Victory Success Consulting Limited	Deemed	–	–	2,571,852,737	55.05%	55.05%
	Total	–	–	2,571,852,737 ⁽⁷⁾	–	–

CONNECTED PARTY TRANSACTIONS

- (1) Further information in relation to interests of corporations controlled by GZYZ as at 30 June 2022:

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYZ	100.00	Y	37,428	—
Yue Xiu	GZYZ	100.00	N	2,571,815,309	—
Bosworth International Limited	Yue Xiu	100.00	Y	7,806,646	—
YXP	Yue Xiu	39.78	N	2,197,949,993	—
Dragon Yield	YXP	100.00	Y	2,014,700,787	—
Novena Pacific Limited	Yue Xiu	100.00	Y	1,937,463	—
Morrison Pacific Limited	Yue Xiu	100.00	Y	541,317	—
Greenwood Pacific Limited	Yue Xiu	100.00	Y	464,898	—
Goldstock International Limited	Yue Xiu	100.00	Y	120,672	—
Yuexiu Capital Holdings Limited ("YXCH")	Yue Xiu	100.00	Y	84,940,000	—
YXCH	Yue Xiu	100.00	N	51,274,376	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,779,944	—
Yue Xiu International Investment Limited ("YXII")	YXP	100.00	Y	183,249,206	—
Golden Harbor Limited ("GH")	YXCH	100.00	N	51,274,376	—
Star Grid Limited	Yue Xiu	100.00	N	276,274,376	—
SA	Star Grid Limited	100.00	N	276,274,376	—
Golden Harbor Limited Partnership ("GHLP")	GH as general partner	0.00	Y	51,274,376	—
GHLP	SA as limited partner	100.00	Y	51,274,376	—
BBG	SA	50.00	Y	225,000,000	—

- (2) The deemed interest as at 30 June 2022 in 2,197,949,993 Units were held through Dragon Yield and YXII, both are wholly-owned subsidiaries of YXP.
- (3) The number of units includes 329,808,584 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\$3.861652 per Unit. Further details are included in the circular dated 17 December 2021 of Yuexiu REIT.
- (4) Details are included in the offering circular dated 17 December 2021 of Yuexiu REIT.
- (5) After deducting the unissued deferred units, the approximate interest held by GZYZ and Yue Xiu will be approximately 42.199%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 40.114% and 36.63% respectively.
- (6) After deducting the unissued deferred units, the approximate interest held by GZYZ and Yue Xiu will be approximately 43.175%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 39.988% and 36.065% respectively.
- (7) On 16 June 2022, BBG, owned 50% by Radiant World Investment Limited, entered into a loan agreement with Yue Xiu which agreed to provide a loan of HK\$712 million to BBG to acquire 225 million Units. Such loan agreement falls under section 317(1)(b) of the SFO; BBG is deemed to be interested in Yue Xiu's interest of 55.05% in Units under section 318 of the SFO. On 20 June 2022, BBG entered into an agreement to purchase 225 million Units for HK\$3.20 per Unit from GHLP which was completed on 21 June 2022. Further details are included in the announcement on 20 June 2022.

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 2022		As at 30 June 2022		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Liu Bihong	Beneficial	225	0.000007%	225	0.0000048%	(0.0000022%)

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including the Trustee and Colliers International (Hong Kong) Limited holding any Units as at 30 June 2022.

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 53 to 98, 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 2022 and the interim condensed consolidated statement of comprehensive income, interim condensed consolidated 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 notes, comprising significant accounting policies and other explanatory information. 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, 4 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Revenue	6	943,667	881,684
Operating expenses, net	7	(474,634)	(416,317)
Fair value gains on investment properties	14	13,940	18,513
Change in fair value of derivative financial instruments		112,288	6,326
Finance income	9	11,395	144,987
Finance expenses	10	(995,661)	(244,112)
(Loss)/profit before income tax and transactions with unitholders		(389,005)	391,081
Income tax expense	11	(132,074)	(105,482)
(Loss)/profit after income tax before transactions with unitholders		(521,079)	285,599
Transactions with unitholders	24	478,091	(255,061)
(Loss)/profit after income tax and transactions with unitholders		(42,988)	30,538
Other comprehensive income/(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		78,473	(15,289)
– Tax		(21,978)	4,284
Other comprehensive income/(loss) for the period, net of tax		56,495	(11,005)
Total comprehensive income for the period		13,507	19,533

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to				
	Unitholders before transactions with unitholders	Transactions with unitholders (Note 24)	Unitholders after transactions with unitholders	Non- controlling interests	Total
Unaudited	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit 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 for the period ended 30 June 2021	255,061	(255,061)	—	19,533	19,533
Loss for the period ended 30 June 2022	(533,998)	478,091	(55,907)	12,919	(42,988)
Other comprehensive income: <u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	55,907	—	55,907	588	56,495
Total comprehensive income for the period ended 30 June 2022	(478,091)	478,091	—	13,507	13,507

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 dated 28 May 2021 (the "Trust Deed"), Yuexiu REIT is required to distribute to the 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 distributions 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 interim condensed consolidated distribution statement.
- (ii) (Losses)/earnings per unit, based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders and the weighted average number of units in issue, are presented in Note 25.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment	12	2,202,699	2,158,714
Right-of-use assets	13	1,211,631	1,241,260
Investment properties	14	37,680,000	37,657,000
Derivative financial instruments	17	23,226	—
Deferred assets, prepayments, deposits and other receivables	15	235,694	259,740
Goodwill	16	859,868	859,868
Long-term bank deposits	19	20,000	—
		42,233,118	42,176,582
Current assets			
Inventories		2,770	3,254
Trade and lease receivables	18	31,801	26,147
Amounts due from related parties	26(b)	54,668	62,089
Deferred assets, prepayments, deposits and other receivables	15	131,060	113,224
Tax recoverable		4,207	4,072
Short-term bank deposits	19	30,000	23,524
Cash and cash equivalents	19	1,833,232	1,453,356
		2,087,738	1,685,666
Total assets		44,320,856	43,862,248
Equity			
Revaluation reserve		478,451	422,544
Retained earnings		(478,451)	(422,544)
		—	—
Non-controlling interests		1,219,533	1,206,026
Total equity		1,219,533	1,206,026

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

		Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
	Notes		
Current liabilities			
Trade payables	21	20,389	27,561
Rental deposits, current portion	22	190,068	181,124
Receipts in advance	22	111,320	118,064
Accruals and other payables	22	442,037	530,637
Amounts due to related parties	26(b)	120,116	3,643,438
Derivative financial instruments	17	101,228	174,942
Borrowings	23	3,445,067	2,893,984
Lease liabilities	13	4,596	9,993
Tax payables		90,989	142,910
		4,525,810	7,722,653
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	22	234,068	246,756
Borrowings	23	16,024,206	14,728,455
Deferred tax liabilities	20	5,321,293	5,201,515
Derivative financial instruments	17	22,278	38,991
		21,601,845	20,215,717
Total liabilities, other than net assets attributable to unitholders		26,127,655	27,938,370
Net assets attributable to unitholders	24	16,973,668	14,717,852
Total equity and liabilities		44,320,856	43,862,248
Net current liabilities		(2,438,072)	(6,036,987)
Units in issue ('000)	24	4,671,788	3,417,224
Net assets attributable to unitholders per unit (RMB)		RMB3.63	RMB4.31

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 62 to 98 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders		(533,998)	265,953
Adjustments for the total distributable income (i)			
– Fair value gains on investment properties		(14,895)	(19,174)
– Deferred taxation in respect of fair value gains on investment properties charged to profit or loss		24,700	3,049
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		(195,278)	(188,852)
– Foreign exchange gains on financing activities		—	(133,696)
– Fair value gains on derivative financial instruments		(112,288)	(6,326)
		(831,759)	(79,046)
Additional items (ii)			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		195,278	188,852
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards ("HKFRSs")		66,841	64,004
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		50,735	49,126
– Manager's fee paid and payable in units in lieu of cash		82,130	56,863
– Losses on settlement of derivative financial instruments		—	30,422
– Foreign exchange losses on financing activities		779,563	—
– Surplus cash		—	30,000

INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Distributable income after additional items		342,788	340,221
Distributable amount at 1 January		457,990	329,990
Distribution paid during the period (iii)	24	(457,835)	(329,937)
Interim distribution declared (iv)		342,943	340,274
Distribution per unit, declared (iv)		RMB0.0734	RMB0.1025

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 condensed consolidated statement of comprehensive income for the relevant period.
- (ii) 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 and the circular dated 30 June 2012.
- (iii) A distribution of RMB0.0980 per unit, totaling RMB457,835,000 (equivalent to HK\$566,688,000), was paid to unitholders on 26 May 2022.
- (iv) Interim distribution in respect of the six months ended 30 June 2022 of RMB0.0734 (equivalent to HK\$0.0853) per unit, totaling RMB342,943,000 (equivalent to HK\$398,712,000) was declared by the Board of the Manager on 4 August 2022.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2022 as disclosed in Note 24.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Equity						
	Net assets					Non-	Total
	Attributable to unitholders	Accumulated losses	Revaluation reserve	Hedge reserve	controlling interests		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2021	14,584,563	(375,524)	375,524	—	1,188,103	15,772,666	
Issuance of units (Note 24)	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	
At 1 January 2022	14,717,852	(422,544)	422,544	—	1,206,026	15,923,878	
Issuance of units (Note 24)	3,276,892	—	—	—	—	3,276,892	
Loss for the period attributable to:							
– Unitholders	(478,091)	—	—	—	—	(478,091)	
– Equity holders	—	(55,907)	—	—	12,919	(42,988)	
Change in fair values of cash flow hedges	—	—	—	1,365	—	1,365	
Hedging gain reclassified to profit or loss	—	—	—	(1,365)	—	(1,365)	
Distributions paid to unitholders	(542,985)	—	—	—	—	(542,985)	
Change in fair value of property, plant and equipment, net of tax	—	—	55,907	—	588	56,495	
At 30 June 2022	16,973,668	(478,451)	478,451	—	1,219,533	18,193,201	

The notes on page 62 to 98 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	581,215	561,232
Interest paid	(198,452)	(178,962)
Income tax paid	(86,330)	(45,160)
Support arrangement asset received	—	9,786
Net cash generated from operating activities	296,433	346,896
Cash flows from investing activities		
Additions of investment properties	(29,129)	(30,671)
Additions of property, plant and equipment	(8,395)	(13,288)
Interest received	11,395	11,291
Increase in bank deposits	(73,196)	(23,524)
Decrease in bank deposits	46,720	23,196
Payment for acquisition of a subsidiary, net of cash acquired	(3,527,788)	—
Net cash used in investing activities	(3,580,393)	(32,996)
Cash flows from financing activities		
Distribution paid	(542,985)	(329,937)
Proceeds from borrowings, net of transaction costs	1,730,563	3,000,916
Repayment of borrowings	(713,400)	(2,865,400)
Issuance of units	3,221,968	54,616
Settlement of derivative financial instruments	—	(205,248)
Principal elements of lease payments	(5,581)	(5,367)
Net cash generated from/(used in) financing activities	3,690,565	(350,420)
Net increase/(decrease) in cash and cash equivalents	406,605	(36,520)
Cash and cash equivalents at beginning of the period	1,453,356	1,802,495
Effects of exchange rate changes on cash and cash equivalents	(26,729)	3,991
Cash and cash equivalents at end of the period	1,833,232	1,769,966

The notes on page 62 to 98 are an integral part of this interim condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between 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) and authorised under section 104 of the Securities and Futures Ordinance subject to the applicable conditions imposed by Securities and Futures Commission from time to time. The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT was listed 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 4 August 2022.

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 lease receivables, other receivables and so on. Due to the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 outbreak 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 does not 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 2022 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 2021 which have been prepared in accordance with HKFRSs.

As at 30 June 2022, the Group's current liabilities exceeded its current assets by RMB2,438,072,000 (31 December 2021: RMB6,036,987,000) due to the borrowings of RMB3,445,067,000 fall due within twelve months from the balance sheet date (31 December 2021: borrowings of RMB2,893,984,000 fall due within twelve months from the balance sheet date and an amount due to Yuexiu Property Company Limited ("YXP") of approximately RMB3,500,000,000). The Manager is in the process of discussing with the Group's principal bankers and believes the Group will be able to refinance the bank borrowings fall due within twelve months from the balance sheet date based on the Group's past experience, its asset base and low gearing ratio. Taking into account other financial resources available including internally generated funds and undrawn bank facilities, the Manager considers the Group has adequate resources to meet its liabilities as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the directors consider it is appropriate the going concern basis has been adopted in preparing this interim condensed consolidated financial information.

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 2021.

(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 or after 1 January 2022:

Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRS 16	Covid-19-related Rent concessions
Amendments to HKAS 16	Property, plant and equipment: proceeds before Intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Annual Improvements to HKFRSs 2018 - 2020	Annual improvements
Amendments to Accounting Guideline 5	Merger accounting for common control combinations

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 2022 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
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 HKFRS 4	Extension of the temporary exemption from applying HKFRS 9 and HKFRS 4	1 January 2023
HK Interpretation 5	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	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 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 when they become effective.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (continued)

(C) DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain foreign exchange forward contracts as hedges of foreign currency risk associated with the cash flows of foreign currency denominated borrowings (cash flow hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 17. Movements in the hedging reserve are shown in the interim condensed consolidated statement of net assets attributable to unitholders and changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within operating expenses, net.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity are immediately reclassified to profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the 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 2021.

5 FINANCIAL RISK MANAGEMENT

5.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange 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 2021.

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 service 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 assets excluded corporate assets which 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 2022				
Revenue from external customers	165,705	637,862	140,100	943,667
Segment results	(35,802)	604,687	64,454	633,339
Depreciation	72,501	11	—	72,512
Fair value gains/(losses) on investment properties	—	67,940	(54,000)	13,940
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
As at 30 June 2022				
Total reportable segments' assets	3,693,604	29,379,808	10,333,043	43,406,455
As at 31 December 2021				
Total reportable segments' assets	3,660,669	28,923,658	10,377,958	42,962,285

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Segment results	633,339	592,783
Changes in fair value of derivative financial instruments	112,288	6,326
Unallocated operating costs (Note)	(150,366)	(108,903)
Operating profit	595,261	490,206
Finance income	11,395	144,987
Finance expenses	(995,661)	(244,112)
(Loss)/profit before income tax and transactions with unitholders	(389,005)	391,081

Note: Unallocated operating costs include mainly manager's fee, legal and professional expenses and other operating expenses incurred at corporate level.

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

	Unaudited	Audited
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Total reportable segments' assets	43,406,455	42,962,285
Corporate assets	914,401	899,963
Total assets	44,320,856	43,862,248

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

	Revenue Unaudited Six months ended 30 June		Total assets	
	2022 RMB'000	2021 RMB'000	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
China	943,667	881,684	43,406,455	42,962,285
Unallocated corporate assets			914,401	899,963
			44,320,856	43,862,248

The Group's revenue by nature is as follows:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Hotel and serviced apartments operations		
Room rentals	98,595	124,171
Food and beverages	61,031	64,393
Property rentals	777,962	686,146
Others	6,079	6,974
	943,667	881,684

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

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue recognised at a point in time	63,982	70,035
Revenue recognised over time	101,033	124,171
Other sources	778,652	687,478
	943,667	881,684

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Property management fee (i)	23,881	21,876
Employee benefit expense	55,406	53,939
Real estate tax	98,912	80,771
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	5,090	4,984
Withholding tax (ii)	16,362	24,707
Depreciation of property, plant and equipment (Note 12)	42,883	40,023
Depreciation of right-of-use assets (Note 13)	29,629	29,629
Cost of inventories sold or consumed in operation	39,360	41,685
Other direct expenses on hotel and serviced apartments	26,296	31,704
Manager's fee (Note 8)	82,130	71,078
Trustee's fee	6,350	5,212
Valuation fee	428	374
Legal and professional fee	6,877	8,129
Auditor's remuneration	1,800	1,830
Bank charges	221	231
Foreign exchange losses/(gains)	25,880	(3,991)
Others	13,129	4,136
Total operating expenses, net	474,634	416,317

Notes:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. ("Yicheng BM"), Guangzhou Baima Business Operation Management Co., Ltd. ("Baima BM") and Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") (Note 26).
- (ii) Withholding tax on the rental income and interest income derived from properties located in China and held by BVI companies is calculated 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 as defined in the Trust Deed; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed.

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Manager's fee:		
In the form of units	82,130	56,863
In the form of cash	—	14,215
	82,130	71,078

Note:

- (i) Pursuant to the announcement dated 15 January 2021, a portion of the manager's fee for the year ended 31 December 2021, will be paid in the form of units. Pursuant to the circular of Yuexiu REIT dated 13 November 2021 ("2021 Circular") and subsequent announcement dated 14 January 2022, all of the manager's fee for the year ended 31 December 2022, will be paid in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the period ended 30 June 2022 are expected to be issued on 19 August 2022. 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 19 August 2022 and (ii) the average closing price of the units in the 10 trading days immediately preceding 19 August 2022.

9 FINANCE INCOME

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest income from bank deposits	9,683	9,553
Interest income from a related party (Note 26(a))	1,712	1,738
Foreign exchange gains on financing activities	—	133,696
	11,395	144,987

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 FINANCE EXPENSES

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest expense for bank borrowings	147,777	94,076
Interest expense for other borrowings	50,675	84,886
Interest and finance charges paid/payable for lease liabilities (Note 13)	184	427
Amortisation of transaction costs for borrowings	13,843	14,918
Foreign exchange losses on financing activities	779,563	—
Loss on settlement of derivative financial instruments	—	49,805
Interest expense due to a related party (Note 26(a))	3,619	—
	995,661	244,112

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 the People's Republic 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	
	2022	2021
	RMB'000	RMB'000
Current income tax		
– China corporate income tax	25,109	37,639
– PRC withholding tax	9,165	—
Deferred income tax (Note 20)	97,800	67,843
	132,074	105,482

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 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 losses 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
Six months ended 30 June 2022				
Opening net book amount as at				
1 January 2022	2,158,000	263	451	2,158,714
Additions	8,395	—	—	8,395
Depreciation	(42,868)	(15)	—	(42,883)
Fair value gains on revaluation	78,473	—	—	78,473
Closing net book amount as at				
30 June 2022	2,202,000	248	451	2,202,699
At 30 June 2022				
At fair value	2,202,000	—	—	2,202,000
At cost	—	248	451	699
	2,202,000	248	451	2,202,699

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 RMB1,490,016,000 (31 December 2021: RMB1,551,207,000).

As at 30 June 2022, property, plant and equipment with an aggregate carrying amount of approximately RMB1,960 million (31 December 2021: RMB1,921 million) were pledged as collateral for the Group's bank borrowings (Note 23).

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:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Opening balance	2,158,000	2,157,000
Additions	8,395	13,288
Depreciation	(42,868)	(39,999)
Unrealised gains/(losses) recognised in reserve	78,473	(15,289)
Closing balance	2,202,000	2,115,000
Unrealised gains/(losses) for the period included in other comprehensive income/(loss) for assets held at the end of the period	78,473	(15,289)

VALUATION PROCESSES OF THE GROUP

The Group measures the building portion of hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Colliers International (Hong Kong) Limited, being independent qualified valuer not related to the Group as at 30 June 2022 and 31 December 2021.

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 the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period 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 of the building portion of hotel and serviced apartments of Guangzhou International Financial Centre ("Guangzhou IFC") is derived using 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 Guangzhou IFC 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 PROPERTY, PLANT AND EQUIPMENT (continued)

VALUATION TECHNIQUES (continued)

The overall fair value (including land and building portions) of hotel and serviced apartments in China is generally 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 ten years from the date of valuation are itemised and projected annually taking into account the rental revenue, associated revenues and the expected growth of income and expenses. The net cash flow over the ten year period is discounted at an appropriate rate of return.

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

The building portion of hotel and serviced apartments in property, plant and equipment are included in Level 3 (31 December 2021: Level 3) of the fair value hierarchy.

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

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, finance cost and professional fee, the higher the fair value.

Discount rates are estimated by Colliers International (Hong Kong) Limited based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value. Prevailing market room rents are estimated based on recent lettings for hotel and serviced apartments in China, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

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

As at 30 June 2022

	Depreciated replacement cost method		
	Building cost (RMB/m ²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	20,900	4.65	6
Serviced apartments	17,050	4.65	6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 PROPERTY, PLANT AND EQUIPMENT (continued)

SIGNIFICANT INPUTS USED TO DETERMINE FAIR VALUE (continued)

As at 31 December 2021

	Depreciated replacement cost method		
	Building	Finance	Professional
	cost (RMB/m ²)	cost (% on construction cost)	fee (% on construction cost)
Hotel	20,140	4.65	6
Serviced apartments	16,430	4.65	6

13 LEASE

	Land use rights RMB'000	Staff quarter RMB'000	Total RMB'000
Right-of-use assets			
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
At 1 January 2022	1,232,114	9,146	1,241,260
Depreciation	(24,642)	(4,987)	(29,629)
At 30 June 2022	1,207,472	4,159	1,211,631

LEASE LIABILITIES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Current portion	4,596	9,993

As at 30 June 2022, the fair value of land use rights is approximately RMB2,498 million (31 December 2021: RMB2,580 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2022, rights-of-use assets were pledged with an aggregate net book amount of approximately RMB1,215 million (31 December 2021: RMB1,214 million) as collateral for the Group's bank borrowings (Note 23).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 LEASE (continued)

LEASE LIABILITIES (continued)

As at 30 June 2022 and 31 December 2021, all of the lease liabilities are due to 廣州越秀星寓公寓管理有限公司, a subsidiary of YXP.

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	
	2022 RMB'000	2021 RMB'000
Land use rights	24,642	24,642
Staff quarter	4,987	4,987
	29,629	29,629
Interest expense (included in finance expenses) (Note 10)	184	427

14 INVESTMENT PROPERTIES

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Beginning of the period	37,657,000	29,700,000
Additions	9,060	11,487
Fair value gains during the period, included in profit or loss under 'Fair value gains on investment properties'	13,940	18,513
End of the period	37,680,000	29,730,000
Fair value gains for the period included in profit or loss for assets held at the end of the period, under 'Fair value gains on investment properties'	13,940	18,513

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 RMB14,196,000 (six months ended 30 June 2021: RMB7,086,000) relating to investment properties that were vacant.

As at 30 June 2022, investment properties with an aggregate carrying value of approximately RMB3,832 million (31 December 2021: RMB3,832 million) were pledged as collateral for the Group's bank borrowings (Note 23).

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 2022 and 31 December 2021.

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 period 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 2022 and 31 December 2021, Colliers International (Hong Kong) Limited has relied on the income capitalisation method as the primary approach and cross-checked by the market approach. The use of income capitalisation method 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 method 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 2021: 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 rates are estimated by Colliers International (Hong Kong) Limited as at 30 June 2022 and 31 December 2021 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 2022

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	90 to 320	4.00% to 6.25%
Wholesale and shopping mall	65 to 1,040	4.00% to 7.25%

As at 31 December 2021

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	90 to 317	4.00% to 6.50%
Wholesale and shopping mall	65 to 1,040	4.00% to 7.25%

15 DEFERRED ASSETS, PREPAYMENTS, 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 prepayments, deposits and other receivables mainly represents other tax prepayments, deposits for utilities and property maintenance fund. The deferred assets, prepayments, deposits and other receivables are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 GOODWILL

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	859,868	859,868

Goodwill of the Group mainly represents the deferred income tax liabilities in relation to the investment properties acquired through business combinations. In assessing whether goodwill has suffered any impairment, the carrying value of the respective investment properties as at period end is compared with their fair value as at acquisition completion dates. Key assumption used for goodwill impairment is consistent with those used in the valuation of investment properties. The results of the tests undertaken as at 30 June 2022 and 31 December 2021 indicated no impairment charge was necessary.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Non-current assets		
Interest rate swap contracts	21,861	—
Foreign exchange forward contracts - cash flow hedges	1,365	—
Total	23,226	—
Non-current liabilities		
Interest rate swap contracts	—	38,991
Capped foreign exchange forward contracts	22,278	—
Total	22,278	38,991
Current liabilities		
Capped foreign exchange forward contracts	101,228	174,942

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 30 June 2022 were HK\$400,000,000 due on 7 November 2022 (31 December 2021: HK\$400,000,000 due on 7 November 2022), HK\$1,100,000,000 due on 3 November 2022 (31 December 2021: HK\$1,100,000,000 due on 3 November 2022), HK\$1,600,000,000 due on 3 November 2022 (31 December 2021: HK\$1,600,000,000 due on 3 November 2022), HK\$1,500,000,000 due on 21 December 2023 and HK\$2,800,000,000 due on 18 August 2023. The notional principal amounts of the outstanding foreign exchange forward contracts at 30 June 2022 were HK\$500,000,000 due on 21 December 2023.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2022 were HK\$2,800,000,000 due on 21 August 2023 (31 December 2021: HK\$2,800,000,000 due on 21 August 2023).

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 and uncapped 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.

18 TRADE AND LEASE RECEIVABLES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade and lease receivables	32,451	26,797
Less: impairment allowance	(650)	(650)
Trade and lease receivables, net	31,801	26,147

The fair values of trade and lease receivables approximate their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 TRADE AND LEASE RECEIVABLES (continued)

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

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
0 - 30 days	29,117	13,105
31 - 90 days	2,364	12,406
91 - 180 days	17	345
181 - 365 days	303	332
Over 1 year	650	609
	32,451	26,797

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The identified impairment loss was immaterial.

All of the Group's trade and lease receivables are denominated in RMB.

19 LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Cash at bank and on hand	1,782,608	1,433,605
Short-term bank deposits with original maturity of less than three months	50,624	19,751
Cash and cash equivalents	1,833,232	1,453,356
Short-term bank deposits with original maturity of more than three months but less than twelve months	30,000	23,524
Total	1,863,232	1,476,880
Long-term bank deposits with original maturity of more than twelve months	20,000	—
Maximum exposure to credit risk	1,882,735	1,476,384

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (continued)

As at 30 June 2022, included in the long-term bank deposits, short-term bank deposits and cash and cash equivalents of the Group are bank deposits in China of approximately RMB1,702,297,000 (31 December 2021: RMB1,182,502,000) 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 long-term bank deposits, 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 long-term bank deposits, short-term bank deposits and cash and cash equivalents approximate their fair values.

Long-term bank deposits, short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
RMB	1,702,794	1,182,998
HK\$	179,547	258,647
US\$	891	35,235
	<u>1,883,232</u>	<u>1,476,880</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 DEFERRED TAX LIABILITIES

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Beginning of the period	5,201,515	4,996,679
Deferred taxation charged to profit or loss (Note 11)	97,800	67,843
Deferred taxation charged/(credited) to reserve	21,978	(4,284)
End of the period	5,321,293	5,060,238

21 TRADE PAYABLES

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

	Unaudited	Audited
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
0 - 30 days	13,245	16,430
31 - 90 days	4,750	7,734
91 - 180 days	1,896	3,168
181 - 365 days	441	77
Over 1 year	57	152
	20,389	27,561

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Rental deposits		
Current portion	190,068	181,124
Non-current portion	234,068	246,756
	424,136	427,880
Receipts in advance		
Current portion	111,320	118,064
Accrued urban real estate tax	76,619	66,559
Accrued withholding tax payable	13,430	14,059
Accrued surcharge tax	20,069	16,409
Construction payable	191,163	211,232
Transaction costs payable for the acquisition of Gain Force Investments Limited (the "Acquisition") (i)	7,996	78,329
Accruals for operating expenses	132,760	144,049
Accruals and other payables	442,037	530,637
	977,493	1,076,581

Notes:

- (i) On 23 December 2021, Yuexiu REIT completed the acquisition of the 100% equity interest in Gain Force Investments Limited and its subsidiaries (the "Target Group"). The Target Group is engaged in the leasing of Yuexiu Financial Tower, an International Grade A office building located in Guangzhou.
- (ii) The carrying amounts of rental deposits, receipts in advance, accruals 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

23 BORROWINGS

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Current		
Current portion of long-term borrowings		
Bank borrowings		
– Secured (Note a)	180,000	268,440
– Unsecured	3,265,067	2,625,544
Total current portion of long-term borrowings	3,445,067	2,893,984
Non-current		
Long-term borrowings		
Bank borrowings		
– Secured (Note a)	1,555,400	1,284,400
– Unsecured	14,277,802	12,878,957
Other borrowings, unsecured (Note b)	3,636,071	3,459,082
Total long-term borrowings	19,469,273	17,622,439
Less: current portion of long-term borrowings	(3,445,067)	(2,893,984)
Total non-current borrowings	16,024,206	14,728,455
Total borrowings	19,469,273	17,622,439
Analysis into:		
– Unsecured	17,913,873	16,338,039
– Secured	1,555,400	1,284,400
	19,469,273	17,622,439

Note a:

As at 30 June 2022, syndicated and entrustment loans of approximately RMB1,555 million (31 December 2021: RMB1,284 million) are secured by certain parts of Guangzhou IFC with carrying value of RMB7,007 million (31 December 2021: RMB6,967 million).

Note b:

On 2 February 2021, Yuexiu REIT MTN Company Limited ("REIT MTN"), a wholly owned subsidiary of Yuexiu REIT, 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 established on 16 April 2018 pursuant to the subscription agreement dated 23 April 2018 (the "MTN Programme"), which was updated in January 2021.

On 28 May 2019 and 14 June 2019, REIT MTN, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Beginning of the period	14,717,852	14,584,563
Issuance of units	3,276,892	54,616
Transfer from the interim condensed consolidated statement of comprehensive income	(478,091)	255,061
Distributions paid for the period from 1 July 2021 to 31 December 2021	(457,835)	(329,937)
Special distribution for the Acquisition	(85,150)	—
End of the period	16,973,668	14,564,303

The movement of numbers of existing units is as below:

	Unaudited	
	Six months ended 30 June	
	2022	2021
Units in issue ('000)		
Beginning of the period	3,417,224	3,303,113
Rights issue for the Acquisition (the "Rights Issue") (Note a)	1,234,403	—
Manager's fee in form of units (Note b)	20,161	16,175
End of the period	4,671,788	3,319,288

Note a:

On 26 January 2022, total 1,234,403,038 units were issued on the basis of 37 units for every 100 units held on Rights Issue record date for HK\$3.20 per unit.

Note b:

During the period, 20,161,000 units were issued for the payment of manager's fee (2021: 16,175,000 units). Pursuant to the announcement of Yuexiu REIT dated 22 March 2022, RMB54,924,000 (equivalent to approximately HK\$67,538,000) of the manager's fee for the period from 1 July 2021 to 31 December 2021 to be settled in the form of units would be deferred and settled after the manager fee units reference date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(A) BASIC

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	(533,998)	265,953
Weighted average number of units in issue ('000)	4,485,448	3,310,620
Basic (losses)/earnings per unit (RMB)	(0.12)	0.08

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(continued)

(B) DILUTED

Diluted (losses)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The deferred units outstanding and manager's fee in form of units during the period are not included in the calculation of diluted losses per unit because they are antidilutive for the period ended 30 June 2022.

	Unaudited	
	Six months ended 30 June	
	2022	2021
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	(533,998)	265,953
Weighted average number of units in issue ('000)	4,485,448	3,310,620
Adjustments for deferred units ('000) (Note)	—	399,401
Adjustments for manager's fee in form of units ('000)	—	16,409
Weighted average number of units for diluted (losses)/earnings per unit ('000)	4,485,448	3,726,430
Diluted (losses)/earnings per unit (RMB)	(0.12)	0.07

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 "Deferred Units"). The number of Deferred 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 2021 Circular, in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the announcement (being HK\$3.67), which was made on 24 October 2021 in relation to the Acquisition, the issue price for the Deferred Units (the "Deferred Units Issue Price") shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per Unit) by the fraction as set out under the indebtedness agreement dated 28 May 2012 between YXP, the Trustee and the Manager and further described in the 2021 Circular (the "Deferred Units Issue Price Adjustment"). The Deferred Units Issue Price Adjustment took effect upon the completion of the Rights Issue on 26 January 2022.

The adjusted Deferred Units Issue Price is HK\$3.86 per Unit and the Deferred Units to be issued was adjusted to 329,809,000 units following the Deferred Units Issue Price Adjustment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 30 June 2022, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 40% (31 December 2021: 40%) 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 2022:

Connected/related companies	Relationship with Yuexiu REIT
YXP ¹	A major unitholder of Yuexiu REIT
The Manager ¹	An associate of YXP
GZ AM ¹	An associate of YXP
Yicheng BM ¹	A subsidiary of YXP
Baima BM ¹	A subsidiary of YXP
Guangzhou Yuexiu Xingye Property Agent Ltd. ("Xingye") ¹	A subsidiary of YXP
Guangzhou City Construction and Development Co., Ltd. ("GCCD") ¹	A subsidiary of YXP
Guangzhou City Construction and Development Group Co., Ltd. ("GCCD BVI") ¹	A subsidiary of YXE
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 ¹	A major shareholder of YXP
Guangzhou Yuexiu Holdings Limited ("GZYX") ¹	Immediate holding company of Yue Xiu
Guangzhou Yue Xiu Enterprises (Holdings) Ltd. ("YXE") ¹	A subsidiary of GZYX
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
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
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 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 Branch ("Chong Hing Guangzhou") ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") ¹	A subsidiary of Yue Xiu

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
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 Convergency Industrial Development 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 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. (formerly named as Guangzhou Yuexiu Fengxing Foods Group Co., Ltd.) ("YX 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
廣州越秀華城房地產開發有限公司 ¹	A subsidiary of YXP
廣州越宏房地產開發有限公司 ¹	A subsidiary of YXP
廣州市佰城投資發展有限公司 ¹	A subsidiary of YXP
廣州越秀發展集團有限公司 ¹	A subsidiary of YXP
廣州越創智數信息科技有限公司 ¹	A subsidiary of YXP
廣州皇上皇集團股份有限公司 ¹	A subsidiary of YXE
廣州皇上皇飲食管理有限公司 ¹	A subsidiary of YXE
廣州風行乳業股份有限公司 ¹	A subsidiary of YXE
杭州杭秀房地產開發有限公司 ¹	A subsidiary of YXP
杭州越嘉房地產開發有限公司 ¹	A subsidiary of YXP
金鷹基金管理有限公司 ¹	A subsidiary of GZYFHG
廣州宏勝房地產開發有限公司 ¹	A subsidiary of YXP
廣州裕秀房地產開發有限公司 ¹	A subsidiary of YXP
廣州市品輝房地產開發有限公司 ¹	A subsidiary of YXP
廣州越冠房地產開發有限公司 ¹	A subsidiary of YXP
廣州敏秀房地產開發有限公司 ¹	A subsidiary of YXP
廣州南方智媒產業園有限公司 ¹	A subsidiary of YXP
廣州越創房地產開發有限公司 ¹	A subsidiary of YXP
廣州越富房地產開發有限公司 ¹	A subsidiary of YXP
廣州市品悅房地產開發有限公司 ¹	A subsidiary of YXP
廣州市穗港澳合作交流促進會 ¹	A subsidiary of YXP
廣州市品薈房地產開發有限公司 ¹	A subsidiary of YXP

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
The Trustee	The Trustee 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.

(A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES

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

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Asset management fee paid/payable to		
– the Manager (note ii)	82,130	71,078
Management fee paid/payable to		
– Yicheng BM	13,068	8,397
– Baima BM	1,900	4,196
– GZ AM	8,913	9,283
Rental income received/receivable from		
– Xingye	3,222	3,606
– Yicheng BM	3,828	4,567
– GCCD	8,060	11,025
– YXE	9,473	26,600
– Suiqiao	282	282
– Guangzhou Futures Co., Ltd.	1,597	2,975
– Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	500	224
– GZ JLL	8,482	8,385
– Guangzhou Yuexiu Financial Leasing Co., Ltd.	6,375	665
– GZ AM	5,664	5,673

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES (continued)

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Rental income received/receivable from		
– 廣州市祥港房地產開發有限公司	—	4,657
– 廣州市東耀房地產開發有限公司	—	6,619
– GZYFHG	—	1
– Guangzhou Yuexiu Financial Holdings Co., Ltd.	10,348	8,429
– Yue Tong	437	367
– Yue Peng	375	375
– Yuexiu (China) Transport Infrastructure Investment Company Limited	593	671
– Guangzhou Paper Group Ltd.	140	141
– Chong Hing Guangzhou	6,637	—
– Chong Hing Shanghai	2,332	2,370
– 廣州市城建開發集團名特網絡發展有限公司	883	1,047
– 廣州鵬燁貿易有限公司	593	593
– Guangzhou Yuexiu Financial Technology Co., Ltd.	181	161
– Shanghai Yuexiu Finance Leasing Co., Ltd.	3,205	3,185
– 武漢越秀商業管理有限公司	2,229	3,836
– 武漢康景實業投資有限公司	2,250	2,250
– 廣州城建開發設計院有限公司	831	831
– 廣州越秀商業地產投資管理有限公司	333	391
– 廣州越秀資本投資管理有限公司	2,063	2,015
– Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd.	—	329
– 杭州越秀房地產開發有限公司	2,909	3,272
– 杭州盛寅房地產開發有限公司	—	558
– 杭州豐勝房地產開發有限公司	—	535
– Guangzhou Yuexiu Business Operation Management Co., Ltd.	9	10
– 廣州悅秀智訊科技信息諮詢有限公司	1,096	1,069
– 廣州白馬電子商務股份有限公司	—	397

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES (continued)

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Rental income received/receivable from		
– Guangzhou Convergecity Industrial Development Co., Ltd.	3,539	5,445
– 廣州城建開發工程造價諮詢有限公司	331	562
– 廣州城建開發裝飾有限公司	364	364
– 廣期資本管理(上海)有限公司	2,042	723
– 廣州資產管理有限公司	8,282	215
– Guangzhou Grandcity Development Ltd.	—	34
– 廣州越達投資有限責任公司	3,584	3,584
– Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd.	799	401
– YX Foods	117	141
– 廣州東秀房地產開發有限公司	1,513	726
– 湖北悅秀薈房地產經紀有限公司	11	11
– 廣州越秀城開房地產開發有限公司	4,805	2,111
– 廣州越秀華城房地產開發有限公司	16,145	—
– 廣州越宏房地產開發有限公司	4,368	—
– 廣州市佰城投資發展有限公司	4,361	—
– GZYX	18,018	—
– 廣州越秀發展集團有限公司	23	—
– 廣州越創智數信息科技有限公司	165	—
– 廣州皇上皇集團股份有限公司	345	—
– 廣州皇上皇飲食管理有限公司	167	—
– 廣州風行乳業股份有限公司	185	—
– 杭州杭秀房地產開發有限公司	528	—
– 杭州越嘉房地產開發有限公司	1,073	—
– 金鷹基金管理有限公司	3,973	—
– 廣州宏勝房地產開發有限公司	2,346	—
– 廣州裕秀房地產開發有限公司	825	—
– 廣州市品輝房地產開發有限公司	820	—
– 廣州越冠房地產開發有限公司	2,996	—
– 廣州敏秀房地產開發有限公司	1,413	—
– 廣州南方智媒產業園有限公司	942	—
– 廣州越創房地產開發有限公司	626	—
– 廣州樾富房地產開發有限公司	1,012	—
– 廣州市品悅房地產開發有限公司	1,128	—
– 廣州市穗港澳合作交流促進會	186	—
– 廣州市品薈房地產開發有限公司	1,776	—
Interest income received/receivable from		
– GCCD	1,712	1,738

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(A) TRANSACTIONS WITH CONNECTED/RELATED COMPANIES (continued)

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Naming right income received/receivable from		
– GCCD	—	7,000
– YXP	10,000	—
Principal element of lease payments paid to		
– 廣州越秀星寓公寓管理有限公司	5,581	5,367
Trustee's fee paid/payable to		
– Trustee	6,350	5,212
Interest expense paid/payable to		
– the HSBC Group	6,204	5,964
– the Chong Hing Bank	2,496	2,705
– YXP	3,619	—
Bond underwriter's fee paid/payable to		
– the HSBC Group	1	1
Interest income received/receivable from		
– the Chong Hing Bank	442	427

Notes:

- (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 0.3% per annum of the carrying value of the deposited property as defined in the Trust Deed; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed (Note 8).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(B) BALANCES WITH RELATED COMPANIES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Amount due from GCCD	42,033	42,089
Amount due from YXP	12,635	20,000
Amount due to Yicheng BM	3,476	3,376
Amount due to Baima BM	17,511	23,811
Amount due to the Manager	81,916	68,931
Amount due to GZ AM	4,746	1,773
Amount due to GCD (China)	2,467	34,475
Amount due to GCCD BVI	10,000	10,000
Amount due to YXP	—	3,501,072
Bank borrowing from Chong Hing Guangzhou	—	121,146
Bank deposit in Chong Hing Bank	54,013	54,042
Bank borrowing from the HSBC Group	709,808	678,608
Derivative financial instrument from HSBC Group	11,451	20,906
Rental income receivables from related companies	2,774	4,626
Rental deposits from related companies	92,592	83,377
Receipts in advance from related companies	2,413	6,579
Trade payable to related companies	—	6,024

Except for an amount due from GCCD of approximately RMB42 million (31 December 2021: RMB42 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 and repayable on demand. All the balances are denominated in RMB and reasonable approximation to their fair values.

(C) KEY MANAGEMENT COMPENSATION

There was no key management compensation for the period ended 30 June 2022 (six months ended 30 June 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 CAPITAL COMMITMENTS

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	16,334	13,506

28 FUTURE MINIMUM RENTAL RECEIVABLES

At 30 June 2022 and 31 December 2021, the Group had future minimum rental receivables under non-cancellable leases as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Within one year	1,278,303	1,317,906
Between one year and five years	1,751,804	2,001,030
Over five years	49,321	68,295
	3,079,428	3,387,231

PERFORMANCE TABLE

	Unaudited 30 June 2022	Unaudited 30 June 2021	Unaudited 30 June 2020	Unaudited 30 June 2019	Unaudited 30 June 2018
Net assets attributable to Unitholders (RMB'000)	16,973,668	14,564,303	14,096,931	14,787,421	14,478,124
Net assets attributable to Unitholders per unit (RMB)	3.63	4.39	4.38	4.74	4.78
Equivalent to HK\$	4.26	5.27	4.80	5.39	5.51
The highest premium of the traded price to net asset value	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	HK\$0.55	HK\$0.24	HK\$0.09
The highest discount of the traded price to net asset value	HK\$1.27 ⁽ⁱ⁾	HK\$1.57 ⁽ⁱ⁾	HK\$1.60	HK\$0.44	HK\$0.51
Net (loss)/earnings yield per unit	(3.89)% ⁽ⁱⁱ⁾	2.00% ⁽ⁱⁱ⁾	(2.04%)	4.17%	4.39%
Number of units in issue	4,671,788,055 units	3,319,228,131 units	3,219,856,551 units	3,119,618,222 units	3,027,123,467 units

Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$3.47 (2021: HK\$4.20) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the period from 1 January 2022 to 30 June 2022. The highest discount is calculated based on the lowest traded price of HK\$2.99 (2021: HK\$3.70) on the Stock Exchange during the period from 1 January 2022 to 30 June 2022.
- (ii) Net (loss)/earnings yield per unit is calculated based on (loss)/profit after tax before transactions with Unitholders per unit for the period from 1 January 2022 to 30 June 2022 over the traded price of HK\$3.06 as at 30 June 2022 (2021: HK\$4.00) 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 Xiaoou

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
China Merchants Bank Co., Ltd.
CMB Wing Lung Bank Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) 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
17/F Far East Finance Center
16 Harcourt Road
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

For further information about
Yuexiu REIT, please contact:
Mr. Jiang Yongjin
Telephone: (852) 2593 2385
Facsimile: (852) 2519 6473
Email: yxft.ir@yuexiureit.com



越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

www.yuexiureit.com

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