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## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016**

The board of directors (the “Board”) of Yuexiu REIT Asset Management Limited (the “Manager”) is pleased to announce the unaudited interim results of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) for the six months ended 30 June 2016 (the “Interim Period”) as follows:

### **FINANCIAL HIGHLIGHTS**

The following is a summary of Yuexiu REIT’s financial results during the 2016 Interim Period and the 2015 Interim Period:

(in Renminbi (“RMB”), unless otherwise specified)

	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2016</b>	<b>2015</b>	<b>Increase/ (Decrease) %</b>
Gross income	909,358,000	790,391,000	15.1%
Net property income	609,305,000	495,220,000	23.0%
Profit after tax	408,783,000	545,028,000	(25.0)%
Interim distribution	384,652,000	341,749,000	12.6%
Earnings per unit	0.1437	0.1936	(25.8)%
Distribution per unit	0.1352	0.1208	11.9%
Equivalent to HK\$	0.1577	0.1530	3.1%

	<b>30 June 2016</b>	<b>31 December 2015</b>	<b>Change Increase %</b>
Portfolio valuation	28,127,000,000	27,574,000,000	2.0%
Net assets attributable to Unitholders	13,531,609,000	13,400,472,000	1.0%
Net assets (including net assets attributable to deferred Unitholders) attributable to existing Unitholders per unit	4.76	4.74	0.4%

## **DISTRIBUTION**

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

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

In light of the above, the Manager has determined that an interim distribution to Unitholders for the 2016 Interim Period will be approximately RMB0.1352 which is equivalent to HK\$0.1577 (June 2015: approximately RMB0.1208 which is equivalent to HK\$0.1530) 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 2016 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the 2016 Interim Period.

The 2016 interim distribution amounted to approximately RMB384,652,000 which is equivalent to HK\$448,587,000 (June 2015: approximately RMB341,749,000 which is equivalent to HK\$432,708,000), includes an amount approximately RMB177,000,000 (2015: RMB85,664,000), 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 OC (being approximately RMB212,369,000) plus a further distribution of approximately RMB172,283,000 having regard to the abovementioned discretion of the Manager under Yuexiu REIT's trust deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement.

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

### **Distribution Per unit**

Distribution to Unitholders for the 2016 Interim Period is HK\$0.1577 (June 2015: HK\$0.1530) per unit, represents a yield of approximately 3.59% (June 2015: 3.60%) based on the closing price of HK\$4.39 per unit as at 30 June 2016 (30 June 2015: HK\$4.27). This represents an annualized distribution yield of 7.18%.

### **CLOSURE OF REGISTER OF UNITHOLDERS**

The record date for the interim distribution will be 15 September 2016. The register of Unitholders will be closed from 15 September 2016 to 19 September 2016, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 14 September 2016. The 2016 interim distribution will be paid on 28 October 2016 to the Unitholders whose names appear on the register of Unitholders on 15 September 2016.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Steady Growth in Operating Results**

In the first half of 2016, the macro-economy of China continued undergoing a slow growth. In order to maintain the interest of the Unitholders, Yuexiu REIT continued to implement active and prudent asset management strategies, with favorable results attained by all of its properties consistently, thereby further fostering the capability to preserve and enhance the value of properties, and establishing a solid foundation for future income growth and long-term development of Yuexiu REIT.

#### **Property Portfolio**

As at 30 June 2016, the property portfolio (“Properties”) of Yuexiu REIT consisted of seven properties, namely, White Horse Building Units (“White Horse Building”), Fortune Plaza Units (“Fortune Plaza”), City Development Plaza Units (“City Development Plaza”), Victory Plaza Units (“Victory Plaza”), Yue Xiu Neo Metropolis Plaza Units (“Neo Metropolis”), Guangzhou International Finance Center (“GZIFC”) which located in Guangzhou and Yue Xiu Tower Units, formerly named Hongjia Tower (“Yue Xiu Tower”) which located in Shanghai. The aggregate area of ownership was approximately 743,106.2 sq.m., total rentable area was 487,324.3 sq.m. (excluding 7,544.7 sq.m. of parking space and 4,528.0 sq.m. of clubhouse and common facilities area of Neo Metropolis; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and other ancillary facilities area of GZIFC; and 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Yue Xiu Tower, the following statistics of both aggregate rented area and occupancy rate have excluded the above area).

#### **Property Valuation**

According to a revaluation performed by an independent professional valuer, Vigers Appraisal and Consulting Limited, on the portfolio of Properties of Yuexiu REIT, the revalued market valuation as at 30 June 2016 was approximately RMB28,127 million, representing an increase of RMB553 million or 2.0% over the valuation as at 31 December 2015.

The following table summarizes the valuation of each of the Properties as at 30 June 2016 and 31 December 2015:

Name of property	Valuation as at	Valuation as at	Increase %
	30 June 2016 <i>RMB million</i>	31 December 2015 <i>RMB million</i>	
White Horse Building	4,815	4,715	2.1%
Fortune Plaza	938	903	3.9%
City Development Plaza	781	758	3.0%
Victory Plaza	871	866	0.6%
Neo Metropolis	880	863	2.0%
GZIFC	16,942	16,639	1.8%
Yue Xiu Tower	<u>2,900</u>	<u>2,830</u>	2.5%
Total	<u>28,127</u>	<u>27,574</u>	2.0%

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

Name of property	Type	Location	Year of Completion	Area of Ownership <i>(sq.m.)</i>	Total Area <i>(sq.m.)</i>	Property	Unit Rent <sup>(1)</sup>	Unit Rent <sup>(1)</sup>
						Occupancy Rate <sup>(1)</sup>	(VAT Inclusive) <i>(RMB/sq.m./ month)</i>	(VAT Exclusive) <i>(RMB/sq.m./ month)</i>
White Horse Building	Wholesale shopping mall	Yuexiu District	1990	50,199.3	50,128.9	100.0%	656.0	624.8
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	97.2%	152.0	144.8
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	97.2%	131.9	125.6
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	100.0%	182.8	174.1
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,960.0	49,887.3 <sup>(2)</sup>	99.6% <sup>(2)</sup>	110.9	105.6
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.9 <sup>(3)</sup>	96.5% <sup>(3)</sup>	211.9	201.8
Including:	Grade A office			267,804.4	183,539.6 <sup>(3)</sup>	96.1% <sup>(3)</sup>	236.5	225.2
	Retail shopping mall			46,989.2	46,727.3	97.9%	115.4	109.9
	Hotel			91,460.9 <sup>(4)</sup>	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 of Shanghai	2010	62,139.4	46,026.3 <sup>(5)</sup>	100.0%	254.8	242.7
Total				<u>743,106.2</u>	<u>487,324.3</u>	97.8%	238.6	227.3

*Note:*

- (1) As at 30 June 2016;
- (2) Excluding 7,544.7 sq.m. of parking space and 4,528.0 sq.m. of clubhouse and common facilities area;
- (3) Excluding 76,512.3 sq.m. of parking space and other ancillary facilities area;
- (4) Including 2,262.0 sq.m. of hotel ancillary facilities and fire shelter floor area;
- (5) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor).

### **Occupancy rate stayed at a high level**

As at 30 June 2016, the overall occupancy rate of the properties was approximately 97.8%. The occupancy rate of the original five properties was 98.8%, and continued to operate at a high level. Consolidated occupancy rate of GZIFC was 96.5%, representing an increase of 1.7 percentage points as compared to the corresponding period of the previous year. Among which, occupancy rate of offices was 96.1%, representing an increase of 2.4 percentage points year-on-year, and occupancy rate of retail shopping mall was 97.9%.

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

<b>Name of property</b>	<b>Occupancy rate as at 30 June 2016</b>	<b>Occupancy rate as at 30 June 2015</b>	<b>Percentage increase/ (decrease) as compared to 30 June 2015</b>
White Horse Building	100.0%	100.0%	0.0%
Fortune Plaza	97.2%	99.6%	(2.4)%
City Development Plaza	97.2%	96.9%	0.3%
Victory Plaza	100.0%	99.8%	0.2%
Neo Metropolis	99.6%	98.9%	0.7%
Sub-total of original five projects	98.8%	99.0%	(0.2)%
GZIFC offices	96.1%	93.7%	2.4%
GZIFC shopping mall	97.9%	99.0%	(1.1)%
Sub-total of GZIFC	96.5%	94.8%	1.7%
Yue Xiu Tower	100.0%	N/A	N/A
Total	97.8%	96.8%	1.0%

Operational Property	Type	Commencement of Operation	Area of Ownership	Number of Units	Average	Average
					Occupancy Rate <sup>(1)</sup>	Rent <sup>(1)</sup>
			(sq.m.)	(units)	(RMB/Room/Day)	(VAT Inclusive)
Four Seasons Hotel Guangzhou <sup>(2)</sup>	Five-star hotel	August 2012	91,460.9	344	67.2%	1,954
Ascott Serviced Apartments <sup>(2)</sup>	High-end serviced apartments	September 2012	51,102.3	314	93.4%	994

*Note:*

- (1) From 1 January 2016 to 30 June 2016;  
(2) Both hotel and serviced apartments are entrusted operations.

### **Revenue continued to increase**

During the Interim Period of 2016, the Properties of Yuexiu REIT realized total revenue of approximately RMB909.4 million, representing a 15.1% increase as compared to the corresponding period of the previous year. Among which, the percentage of total revenue contributed by White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis, GZIFC and Yue Xiu Tower was approximately 22.2%, 3.9%, 3.5%, 3.5%, 3.5%, 56.0% and 7.4% respectively.

No bad debt was recorded during the Interim Period.

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

Name of property	Revenue for 2016	Revenue for 2015	Increase as	Increase
	Interim Period <i>RMB million</i>	Interim Period <i>RMB million</i>	compared to 2015 Interim Period <i>RMB million</i>	in revenue from properties %
White Horse Building	202.0	196.3	5.7	2.9%
Fortune Plaza	35.5	35.2	0.3	0.9%
City Development Plaza	31.4	29.8	1.6	5.4%
Victory Plaza	32.0	31.3	0.7	2.2%
Neo Metropolis	<u>32.1</u>	<u>32.0</u>	<u>0.1</u>	0.3%
Sub-total of original projects	333.0	324.6	8.4	2.6%
GZIFC	509.4	465.8	43.6	9.4%
Yue Xiu Tower	<u>67.0</u>	<u>0.0<sup>(1)</sup></u>	<u>67.0</u>	N/A
Total	<u>909.4</u>	<u>790.4</u>	<u>119.0</u>	15.1%

*Note:*

(1) Revenue from Yue Xiu Tower was recorded since 1 September 2015.

### **WHITE HORSE BUILDING — CONTINUED TO TRANSFORM, UPGRADE AND CONSOLIDATE THE LEADING POSITION IN THE INDUSTRY**

During the first half of the year, the Manager adopted the following measures to actively respond to the continuous market downturn. Firstly, combined needs of both market and tenants, the Manager smoothly completed renewals with a shorter term upon the expiration of original leases, gained time for the structural adjustment of shops on the second floor, which further enhanced the transformation work for White Horse market and increased its integrated competitiveness. Secondly, to actively respond to the market environment, the Manager adopted a series of flexible preferential measures such as the suspension of the incremental rent policy to increase tenants' business confidence and maintain the market atmosphere. In respect of marketing, the Manager organized the branded customers of White Horse to participate in the Shanghai Fair of China International Fashion and Accessories Expo 2016, and also organized the first White Horse O2O Getting Goods Festival and in-house small fashion shows, which further expanded the marketing channels of the White Horse apparel brand and continued to expand the influence of White Horse. The Manager also actively utilized marketing approaches from new media, such as the apparel website of White Horse, WeChat account and APP, to enhance marketing and promotion efforts and consolidate the leading competitive position in the industry.



## **FORTUNE PLAZA, CITY DEVELOPMENT PLAZA, NEO METROPOLIS — ACTIVELY TAPPED THE POTENTIAL CUSTOMER NEEDS, CONTINUOUSLY RAISED RENTALS OF PROJECTS**

Fortune Plaza, City Development Plaza and Neo Metropolis projects continued to focus on implementing active leasing and customer relationship management strategies to improve the rental value of properties continuously. The Manager profoundly tapped the potential customer needs by leveraging on well-established customer relationship and active lease management policies, thus retaining the prominent tenants of these buildings. Among which, Fortune Plaza introduced the domestic famous household and personal care brand “Lan Yue Liang”, and assisted “Nikon” and “Beijing Nuosi”, its key famous customers, to expand their rental area. City Development Plaza successfully attracted “Tongcheng Travel”, a well-known enterprise, and achieved successful expansion of rental area for existing tenants such as Shanghai Branch of Ping An Bank and E Fund. Fortune Plaza, City Development Plaza and Neo Metropolis recorded a lease renewal rate of 85.2%, 76.2% and 75.6%, respectively. In addition, customer relationship has been further strengthened and promoted through provision of hotel-grading services with enhanced service standard, improved environmental atmosphere and customer experience, and enthusiastically organized “Golden Monkey Brings Happiness” at the Lantern Festival, “Tree Planting Activities with Xiaoxin” and other community cultural activities. By adoption of flexible and effective lease management strategies, Fortune Plaza, City Development Plaza and Neo Metropolis maintained stable operation with occupancy rate remaining at high level of 97.2%, 97.2% and 99.6%, respectively, and consistently rising rental rate.

## **VICTORY PLAZA — CONTINUOUSLY EXPANDED THE INFLUENCE OF MALL BRAND AND MADE STEADY PROGRESS IN MARKETING INTEGRATION**

In respect of Victory Plaza, during the first half of the year, the Manager emphasized on promoting the communication and supervision mechanism with the major tenants, to enhance operation advisories and risk control and to further improve its operation management and rental value. Further, customer service experience improvement project was launched wholeheartedly in accordance with the positioning of “Fast Fashion Experiencing Center” of the mall. By adopting various approaches, including improving the signage and directories, enhancing environmental management, promoting lobby information service and upgrading of ancillary facilities in the mall, a comfortable shopping experience was created for the customers and customer loyalty for “VT101” brand was increased. Meanwhile, the Manager continually integrated internal and external resources to achieve joint marketing, and invested more in the advertising and promotion of the commercial brand image, “VT101”. On

one hand, 20 marketing activities and membership activities were held jointly with “The Voice of China”, “Jiayuan.com”, “Cadillac”, “Beaver House”, “Coca-Cola” and other external well-known brands as well as governmental and public welfare organizations such as Tianhe District Office of Cultural Affairs and Guangzhou Charity Association; on the other hand, a number of marketing activities were carried out by existing tenants such as “Uniqlo”, “BreadTalk”, “Nice Meeting You”, “Saint Honore” and other stationed brands. Diversified marketing and promotional methods led to a significant increase in customer traffic flow in the mall, and the brand influence of “VT101” continued expanding.

### **GUANGZHOU INTERNATIONAL FINANCE CENTER — OPERATING RESULTS OF OFFICE BUILDING ACHIEVED NEW BREAKTHROUGH, ADJUSTMENT TO SHOPPING PODIUM ATTAINED INITIAL FRUITION**

In the first half of the year, the office building of GZIFC, faced with market competition from the concentration of new supply in the market of Grade A offices in Zhujiang New Town, achieved outstanding performance in operating results by implementing active and prudent rental policies and measures. As of 30 June, the occupancy rate of GZIFC offices increased by 2.4% to 96.1% as compared to the corresponding period of the previous year, which rose steadily. The unit rent increased by 2.2%, reaching a new historical record. The Manager actively expanded leasing channels and successfully introduced various quality customers, including “Everbright Securities”, “Zurich General Insurance” and “Momo”, by leveraging on refined leasing strategies, strong resources integration capabilities and excellent business solicitation team. Meanwhile, the Manager retained key tenants of the building through effective management on expiring leases, thus achieving a renewal rate of 73% in the first half of the year. The Manager also successfully brought in several premium customers, including “Chengfa Capital”, “China Science & Merchants” and “GuangZheng Hang Seng” to expand their leasing space. In respect of customer relationship management, the Manager continued to enhance promotion of project brands. Through the establishment of the WeChat social platform, the Manager held activities such as the “M-zone Origami Design Exhibition”, “Children’s Native Paintings and Fairy Tales Exhibition”, “Midsummer Night’s Dream”, dialogue salons and photography exhibitions, so as to further maintain and enhance customer relationship and increase the brand recognition of GZIFC.

In respect of the podium shopping mall of GZIFC, in the first half of the year, the Manager curtailed the space operated by the original lessee, and repossessed the entire 4th and 5th floors and a portion of the basement for the purpose of self-operation after renovation and enhancement. Meanwhile, aimed at further enhancing the commercial value and ancillary service capabilities of the podium shopping mall of GZIFC, to meet the diverse consumption demands of CBD

customers in a timely manner, the Manager actively adjusted the industry mix of the entire mall and enriched the catering experiences by newly introduced reputable catering tenants, among which “Mammamia Pizzeria”, “Sexy Salad (好色派沙拉)”, “Kajiken Ramen” and “Demi Deli” were making their first debut in Guangzhou. Positioned at new elite lifestyle landmark integrated with business, life, fashion and leisure, by virtue of strong brand portfolio, the average daily customer flow increased approximately 30% as compared with that before the commencement of these operations. Moreover, the Manager proactively created an intelligent mall to implement the monitor of the sales and customers flow and also to actively interact with customers by using the WeChat platform of “國金天地”, thus providing a new scope of interactive experiences to customers.

During the first half of the year, market supply of hotels and apartments was relatively stable in the Guangzhou region. However, some enterprises were reserved towards development and expansion mainly due to the gradual slowdown in macroeconomic growth and the effect of resulting uncertainties. As a result, price sensitivity in the overall market increased obviously. Business activities, particularly demand for high-end business travelling, were subject to certain development constraints in the short run. Through real-time monitoring of the room rate levels and establishment of the market data benchmark analysis system, the Manager actively and effectively monitored the operating conditions of Four Seasons Hotel and Ascott Serviced Apartments. Through enhancing sales channel, upgrading guest room products, Four Seasons Hotel continued to maintain its leading position in room rates. As of June 2016, the average occupancy rate of Four Seasons Hotel was slightly lower by 1.6 percentage points when compared with direct competitors, but its average room rate was 48.6% higher and its Revenue Per Available Room (“RevPAR”) was 45.3% higher, with good performance in operating results. The average occupancy rate of Ascott Serviced Apartments was 5.9 percentage points higher when compared with direct competitors and its average room rate was 37.1% higher, while its RevPAR was 46.3% higher with excellent performance in operating results.

#### **YUE XIU TOWER— CONTINUED TO OPTIMIZE TENANT MIX AND STEADILY ENHANCED PROPERTY RENTAL VALUE**

Yuexiu REIT completed the project acquisition at the end of August last year. After the acquisition, to further strengthen the presence of Yuexiu REIT in Shanghai and to attract financial clients as tenants, the Manager specially named the project as “Yue Xiu Tower” after the name of Yuexiu REIT. Meanwhile, the Manager dedicated its efforts to continuously optimizing tenant mix, which steadily enhanced its property rental value. By conducting in-depth research on the competitive environment in the market and further analysis on the tenant mix, with the adoption

of flexible and prudent leasing policies, the Manager fully explored the demands from customers in the building, supported lease expansion of growth customers and further optimized the tenant mix of the building. In addition, by means of continuous expansion of customer-soliciting channels, the Manager actively introduced premium tenants that were in line with our positioning. As at 30 June 2016, the occupancy rate was 100%, and the unit rent increased as compared with as at 30 June 2015.

### **ACTIVELY PURSUED PROGRESS IN ASSET ENHANCEMENT WORK, STRENGTHENED PROJECT COMPETITIVENESS**

In the first half of the year, the Manager completed various asset enhancement works, including the implementation of asset improvement projects, such as the upgrade and renovation work of podium shopping mall and green periphery of GZIFC as well as the upgrade and renovation work of signage and directories in the office area at GZIFC. In the second half of the year, the Manager will continue to promote asset enhancement works, such as the upgrade and renovation work of the general lighting system and interior and exterior signs of the podium of GZIFC, the upgrade and renovation of the podium facade of Victory Plaza and the addition of IT cooling master unit for Yue Xiu Tower in Shanghai, so as to further enhance the operation efficiency and business environment of the property projects.

### **CONTINUOUSLY OPTIMIZED THE DEBT STRUCTURE AND ACTIVELY MANAGED FOREIGN EXCHANGE RISK**

In response to more volatile RMB exchange rates since the second half of 2015, the Manager adopted active management on foreign exchange risk. A loan of RMB600 million was borrowed in the first half of 2016 and repaid a portion of foreign currency loans, resulting in a lower percentage of foreign currency debt. In the first half of the year, the overall finance costs of Yuexiu REIT continued to reduce and the average finance costs decreased from 3.42% at the beginning of the year to 3.29%.

## FINANCIAL REVIEW

### Financial Results

Both rental income and net property income were higher than the Interim Period of 2015. The following is a summary of Yuexiu REIT's financial results during the 2016 Interim Period:

	Six months ended 30 June		Increase/ (decrease) %
	2016 Unaudited RMB'000	2015 Unaudited RMB'000	
<b>Gross income</b>	<u>909,358</u>	<u>790,391</u>	15.1%
Hotel and serviced apartments direct expenses	(142,136)	(149,389)	(4.9)%
Leasing agents' fee	(20,540)	(17,581)	16.8%
Property related taxes (Note 1)	(131,209)	(124,026)	5.8%
Other property expenses (Note 2)	<u>(6,168)</u>	<u>(4,175)</u>	47.7%
Total property operating expenses	<u>(300,053)</u>	<u>(295,171)</u>	1.7%
<b>Net property income</b>	<u>609,305</u>	<u>495,220</u>	23.0%
Withholding tax	(31,645)	(30,383)	4.2%
Depreciation and amortization	(78,062)	(75,975)	2.7%
Manager's fees	(60,326)	(52,857)	14.1%
Trustee's fees	(4,400)	(3,804)	15.7%
Other trust expenses (Note 3)	<u>(10,035)</u>	<u>(15,440)</u>	(35.0)%
Total non-property operating expenses	<u>(184,468)</u>	<u>(178,459)</u>	3.4%
<b>Profit before finance costs, finance income and tax</b>	424,837	316,761	34.1%
Finance income	14,726	26,713	(44.9)%
Finance expenses	<u>(360,143)</u>	<u>(174,708)</u>	106.1%
<b>Profit before tax</b>	79,420	168,766	(52.9)%
Income tax expenses	<u>(171,004)</u>	<u>(58,327)</u>	193.2%
<b>Net profit after tax before fair value gain on investment properties</b>	(91,584)	110,439	(182.9)%
Fair value gain on investment properties	<u>500,367</u>	<u>434,589</u>	15.1%
<b>Net profit after tax before transactions with Unitholders</b>	<u>408,783</u>	<u>545,028</u>	(25.0)%

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

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

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

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

<i>(RMB'000)</i>	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2016</b>	<b>2015</b>
Office	406,951	323,711
Wholesales	201,957	196,243
Retails	69,219	34,399
Hotel and serviced apartments	<u>231,231</u>	<u>236,038</u>
Total	<u>909,358</u>	<u>790,391</u>

Net property income amounted to approximately RMB609,305,000 (2015: RMB495,220,000), 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 67.0% of total gross income. The table below sets out an analysis of net property income:

<i>(RMB'000)</i>	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2016</b>	<b>2015</b>
Office	323,774	251,892
Wholesales	162,440	154,170
Retails	56,011	26,554
Hotel and serviced apartments	<u>67,080</u>	<u>62,604</u>
Total	<u>609,305</u>	<u>495,220</u>

The adjustment of the business structure for the shopping podium of GZIFC in the first half of 2015 had incurred a one-off non-cash rental reduction. Upon the completion of this adjustment in 2016, the rental income of retails increased by 101.2%.

Hotel and serviced apartments direct expenses were RMB142,136,000, a decrease of 4.9% as compared with the 2015 Interim Period. It was mainly because of effective cost control.

Leasing agents' fee increased by approximately 16.8% as compared with the 2015 Interim Period. It was mainly because of the rental income increase from GZIFC shopping mall and the newly acquired Shanghai Yue Xiu Tower.

Property related tax increased by approximately 5.8 % as compared with the 2015 Interim Period. It was mainly due to an increase of rental income from the newly acquired Shanghai Yue Xiu Tower.

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

As Renminbi depreciated against Hong Kong dollar and US dollar in the Interim Period, the bank borrowings denominated in Hong Kong Dollar, United States Dollar and secured note loans denominated in United States Dollar resulted in an exchange loss of approximately RMB172,283,000. Excluding this exchange factor, the finance expenses incurred for the Interim Period amounted to approximately RMB187,060,000 (2015: RMB168,301,000).

Profit after tax before transactions with Unitholders amounted to approximately RMB408,783,000 (2015: RMB545,028,000), which represented a decrease of 25.0%, mainly due to the exchange loss from Renminbi depreciation.

### **Value-Added Tax**

On 23 March 2016, the Ministry of Finance (MOF) and the State Administration of Taxation (SAT) formally promulgated the Circular regarding the Comprehensive Roll-out of the Pilot Program for the Transformation from Business Tax to Value-Added Tax (Cai Shui 2016 No. 36). Pursuant to this circular, the countrywide pilot program of replacing business tax with value-added tax (VAT) (hereinafter referred to as "VAT reform") was implemented with effect from 1 May 2016, and all taxpayers of business tax in the construction, real estate, finance and consumer services industries are involved in the pilot program and liable to pay VAT instead of business tax. According to the Measures for the Pilot Program for Levying

Value-Added Tax in Lieu of Business Tax and the requirements of the latest policies, a VAT tax rate of 5% is applicable to the REIT property leasing business, and a VAT rate of 6% is applicable to hotel and apartment services. Upon the implementation of the VAT reform, and separation of price and tax, our revenue for the first half of the year as per financial statements decreased by approximately RMB20,000,000, and the costs and expenses were adjusted accordingly. For example, payment for business tax was no longer required, property tax, leasing agent fees and withholding tax decreased in proportion to the decrease in income. Thus, the VAT reform has no material impact on the net profit of the Yuexiu REIT.

### **Top-up Payment**

Top-up Payment for the 2016 Interim Period is approximately RMB35,442,000. Yuexiu Property shall pay the said amount within 7 business days after the announcement of Yuexiu REIT's interim results for the 2016 Interim Period. Please refer to the circular dated 30 June 2012 for details.

### **New Units Issued and Unit Activity**

In respect of the partial settlement of Manager's fee during the relevant period, Yuexiu REIT issued 15,674,865 new units at HK\$4.13 on 9 March 2016. As at 30 June 2016, a total of 2,844,562,239 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$4.48 and a low of HK\$3.82 during the 2016 Interim Period. The average trading volume amounted to approximately 3,942,000 Units per day during the 2016 Interim Period (2015: 4,977,000 Units).

### **Deferred Units**

According to the offering circular in relation to the acquisition of GZIFC dated June 30, 2012, commencing from 31 December 2016, the REIT will, on 31 December of each year, issue to Yuexiu Property (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to Yuexiu Property (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of Yuexiu Property (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all Units not already owned or agreed to be acquired by them at the relevant time. Based on the Illustrative Financing Structure and assuming that no additional Units are issued post-Completion (other than Manager Fee Units), it is expected that all of the deferred units will be issued by 31 December 2023.



## Net Asset Value

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2016 was approximately RMB4.76 (31 December 2015: RMB4.74).

## CAPITAL AND FINANCIAL STRUCTURE

Group's borrowings are as follows:

	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings and notes		
Denominated in RMB	3,165,500	2,660,000
Denominated in HKD	3,196,829	3,500,025
Denominated in USD	<u>4,922,827</u>	<u>4,817,920</u>
	<u>11,285,156</u>	<u>10,977,945</u>
Maturity analysis		
Within one year	2,899,501	2,841,730
Two to five year	8,040,655	7,791,215
Beyond five year	345,000	345,000
The effective interest rate (per annum) of the borrowings and notes at the balance sheet		
RMB	4.97%	6.34%
HKD	2.59%	2.56%
USD	2.65%	2.97%

The Manager also adopted a series of liquidity management measures. In the first half of the year, the Manager successfully renewed the borrowing of US\$177 million for another two-year term until August 2018, resulting in a reduction of short-term refinancing risk and a downward adjustment of annual interest rate; and RMB600 million were borrowed from certain banks to repay part of the Hong Kong dollar borrowings to reduce the exposure of exchange rate risk.

At the next stage, the Manager will proactively pursue multi-pipeline financing methods and consider extending existing loans through restructuring, together with further adjustment in the interest rates of domestic and overseas borrowings in the market, interest costs will be lowered. Multi-pipeline RMB financing methods will be sought at the same time, including increasing domestic and overseas RMB borrowings and issuance of RMB bonds, to further lessen the exposure to foreign exchange risk.

As at 30 June 2016, total borrowings of Yuexiu REIT amounted to approximately RMB11,285,156,000, which represented approximately 37.8% of total assets of Yuexiu REIT.

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

As at 30 June 2016, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB16,229,390,000, representing approximately 54.4% of total assets of Yuexiu REIT.

### **Cash Position**

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2016 amounted to approximately RMB883,003,000. 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 2016 Interim Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by Yuexiu REIT's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **ISSUANCE OF 2016 INTERIM REPORT**

The interim report of Yuexiu REIT for the six months ended 30 June 2016 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2016.

## **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 2016 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 2016 Interim Period.

## **EMPLOYEES**

As at 30 June 2016, Yuexiu REIT employed 658 and 139 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**

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”) 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 2016 Interim Period, the Manager has complied with the provisions of the Compliance Manual and the code provisions in the Corporate Governance Code for its management of Yuexiu REIT.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
	<i>Note</i>	<b>2016</b>	<b>2015</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	909,358	790,391
Operating expenses	7	(484,521)	(473,630)
Fair value gains on investment properties	14	500,367	434,589
Finance income	9	14,726	26,713
Finance expenses	10	<u>(360,143)</u>	<u>(174,708)</u>
Profit before income tax and transactions with unitholders		579,787	603,355
Income tax expenses	11	<u>(171,004)</u>	<u>(58,327)</u>
Profit after income tax before transactions with unitholders		408,783	545,028
Transactions with unitholders		<u>(439,436)</u>	<u>(590,765)</u>
Loss after income tax after transactions with unitholders		<u>(30,653)</u>	<u>(45,737)</u>
Other comprehensive income for the period			
<u>Items that will not be reclassified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
- Gross		47,444	66,169
- Tax		<u>(13,288)</u>	<u>(18,532)</u>
Other comprehensive income for the period, net of tax		<u>34,156</u>	<u>47,637</u>
Total comprehensive income for the period		<u>3,503</u>	<u>1,900</u>

	Attributable to				Total RMB'000
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (Note 25) RMB'000	Unitholders after transactions with unitholders RMB'000	Non - controlling interests RMB'000	
Unaudited					
Profit/(loss) for the period ended 30 June 2015	543,624	(590,765)	(47,141)	1,404	(45,737)
Other comprehensive income: Items that will not be reclassified to profit or loss:					
Change in fair value of property, plant and equipment, net of tax	<u>47,141</u>	<u>—</u>	<u>47,141</u>	<u>496</u>	<u>47,637</u>
Total comprehensive income/(loss) for the period ended 30 June 2015	<u>590,765</u>	<u>(590,765)</u>	<u>—</u>	<u>1,900</u>	<u>1,900</u>
Profit/(loss) for the period ended 30 June 2016	405,635	(439,436)	(33,801)	3,148	(30,653)
Other comprehensive income: Items that will not be reclassified to profit or loss:					
Change in fair value of property, plant and equipment, net of tax	<u>33,801</u>	<u>—</u>	<u>33,801</u>	<u>355</u>	<u>34,156</u>
Total comprehensive income/(loss) for the period ended 30 June 2016	<u>439,436</u>	<u>(439,436)</u>	<u>—</u>	<u>3,503</u>	<u>3,503</u>

*Notes:*

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

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2016**

	<i>Note</i>	<b>Unaudited 30 June 2016 RMB'000</b>	<b>Audited 31 December 2015 RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	2,408,576	2,412,453
Land use rights	13	1,503,182	1,527,824
Investment properties	14	23,726,500	23,194,000
Deferred assets	15	196,359	187,412
Goodwill	16	824,459	824,459
Top-up payment asset, non-current portion	17	—	32,237
		<u>28,659,076</u>	<u>28,178,385</u>
<b>Current assets</b>			
Inventories		3,436	4,241
Trade receivables	18	13,883	13,168
Amount due from related parties	27	175,142	292,172
Prepayments, deposits and other receivables	19	54,902	42,907
Top-up payment asset, current portion	17	67,704	64,314
Short-term bank deposits	20	30,343	57,269
Cash and cash equivalents	20	852,660	682,596
		<u>1,198,070</u>	<u>1,156,667</u>
<b>Total assets</b>		<u><u>29,857,146</u></u>	<u><u>29,335,052</u></u>
<b>Current liabilities</b>			
Trade payables	22	14,389	13,094
Rental deposits, current portion	23	120,480	127,160
Receipts in advance	23	60,946	77,016
Accruals and other payables	23	687,489	769,245
Amounts due to related parties	27	76,273	74,926
Borrowings	24	2,899,501	2,841,730
Tax payables		2,794	2,849
		<u>3,861,872</u>	<u>3,906,020</u>

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
	<i>Note</i>	<b>2016</b>	<b>2015</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities, other than net assets</b>			
<b>attributable to unitholders</b>			
Rental deposits, non-current portion	23	192,571	175,842
Receipts in advance	23	9,528	12,669
Borrowings	24	8,385,655	8,136,215
Deferred tax liabilities	21	<u>3,779,764</u>	<u>3,611,190</u>
		<u>12,367,518</u>	<u>11,935,916</u>
<b>Total liabilities, other than net assets</b>			
<b>attributable to unitholders</b>			
		16,229,390	15,841,936
Net assets attributable to unitholders	25	<u>13,531,609</u>	<u>13,400,472</u>
<b>Total liabilities</b>		<u>29,760,999</u>	<u>29,242,408</u>
<b>Net assets</b>		<u>96,147</u>	<u>92,644</u>
<b>Equity</b>			
Revaluation reserve		337,684	303,883
Retained earnings		<u>(337,684)</u>	<u>(303,883)</u>
		—	—
Non-controlling interests		<u>96,147</u>	<u>92,644</u>
<b>Total equity</b>		<u>96,147</u>	<u>92,644</u>
<b>Net current liabilities</b>		<u>(2,663,802)</u>	<u>(2,749,353)</u>
<b>Total assets less current liabilities</b>		<u>25,995,274</u>	<u>25,429,032</u>
<b>Units in issue ('000)</b>	25	<u>2,844,562</u>	<u>2,828,887</u>

		<b>Unaudited</b> <b>30 June</b> <b>2016</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2015</b> <i>RMB'000</i>
	<i>Note</i>		
<b>Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>	25	<u>RMB4.76</u>	<u>RMB4.74</u>
<b>Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>	25	<u>RMB4.01</u>	<u>RMB3.98</u>



**DISTRIBUTION STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
<i>Note</i>	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit after income tax before transactions with unitholders attributable to unitholders	405,635	543,624
Adjustments for the total distributable income (i)		
- Fair value gains on investment properties	(500,367)	(434,589)
- Deferred taxation in respect of fair value gain on investment properties charged to profit or loss	100,212	31,598
- Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)	(148,043)	(137,237)
- Foreign exchange gain on financing activities	—	(2,923)
<b>Total distributable income</b>	<b>(142,563)</b>	<b>473</b>
<b>Additional items (ii)</b>		
- Cash received and/or receivable according to the Deed of Top-up Payments	35,442	38,093
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS	148,043	137,237
- Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)	78,062	75,975
- Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights	41,925	38,630
- Manager’s fee paid and payable in units in lieu of cash	51,277	47,571
- Interest income from top-up payment asset	(684)	(2,697)
- Fair value loss on top-up payment asset	800	6,407
- Foreign exchange loss on financing activities	172,283	—

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
	<i>Note</i>	<b>2016</b>	<b>2015</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Distributable income after additional items</b>		384,585	341,689
Distributable amount at 1 January		362,749	338,835
Distribution paid during the period (iii)	25	<u>(362,682)</u>	<u>(338,775)</u>
Interim distribution declared (iv)		<u>384,652</u>	<u>341,749</u>
Distribution per unit, declared (iv)		<u>RMB0.1352</u>	<u>RMB0.1213</u>

*Notes:*

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant period.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the “Manager”) intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) A distribution of RMB0.1275 per unit, totaling RMB362,682,000 (equivalent to HK\$432,942,000), was paid to unitholders on 17 May 2016.
- (iv) An interim distribution in respect of the six months ended 30 June 2016 of RMB0.1352 (equivalent to HK\$0.1577) per unit, totaling RMB384,652,000 (equivalent to HK\$448,587,000) was declared by the Board of the Manager on 3 August 2016.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2016 as disclosed in Note 25.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE  
TO UNITHOLDERS AND CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Net assets	Equity			Total
	attributable to unitholders <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Revaluation reserve <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	
At 1 January 2015	13,141,954	(201,529)	201,529	86,700	13,228,654
Issuance of units	53,183	—	—	—	53,183
Profit/(loss) for the period attributable to:					
- Unitholders	590,765	—	—	—	590,765
- Equity holders	—	(47,141)	—	1,404	(45,737)
Distributions paid to unitholders	(338,775)	—	—	—	(338,775)
Change in fair value of property, plant and equipment, net of tax	—	—	47,141	496	47,637
At 30 June 2015	<u>13,447,127</u>	<u>(248,670)</u>	<u>248,670</u>	<u>88,600</u>	<u>13,535,727</u>
At 1 January 2016	13,400,472	(303,883)	303,883	92,644	13,493,116
Issuance of units	54,383	—	—	—	54,383
Profit/(loss) for the period attributable to:					
- Unitholders	439,436	—	—	—	439,436
- Equity holders	—	(33,801)	—	3,148	(30,653)
Distributions paid to unitholders	(362,682)	—	—	—	(362,682)
Change in fair value of property, plant and equipment, net of tax	—	—	33,801	355	34,156
At 30 June 2016	<u>13,531,609</u>	<u>(337,684)</u>	<u>337,684</u>	<u>96,147</u>	<u>13,627,756</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	510,802	380,918
Interest paid	(174,408)	(157,997)
Corporate income tax paid	(15,774)	(5,875)
Top-up payment received	<u>28,731</u>	<u>38,221</u>
Net cash generated from operating activities	<u>349,351</u>	<u>255,267</u>
<b>Cash flows from investing activities</b>		
Additions of investment properties	(32,133)	(19,911)
Additions of property, plant and equipment	(2,099)	(20)
Interest received	14,042	21,093
Decrease in short-term bank deposits with original maturity of more than three months	<u>26,926</u>	<u>5,984</u>
Net cash generated from investing activities	<u>6,736</u>	<u>7,146</u>
<b>Cash flows from financing activities</b>		
Distribution paid	(362,682)	(338,775)
Repayment of borrowings	(602,610)	(615,000)
Proceeds from borrowings, net of transaction costs	724,886	307,422
Issuance of units	<u>54,383</u>	<u>53,183</u>
Net cash used in financing activities	<u>(186,023)</u>	<u>(593,170)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	170,064	(330,757)
Cash and cash equivalents at beginning of the period	<u>682,596</u>	<u>986,300</u>
<b>Cash and cash equivalents at end of the period</b>	<u>852,660</u>	<u>655,543</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

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

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

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

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Manager on 3 August 2016.

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, which have been prepared in accordance with HKFRS.

As at 30 June 2016, the Group’s current liabilities exceeded its current assets by RMB2,663,802,000 (31 December 2015: RMB2,749,353,000) mainly as the bank borrowings of RMB2,899,501,000 fall due within twelve months from the balance sheet date. 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 based on the Group’s past experience, its asset base and low gearing ratio. Taking into account the refinancing of bank borrowings and other financial resources available including internally generated funds and existing or new facilities, the Manager considers the Group has adequate resources to meet its liabilities and commitments as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing this 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 2015, as described in those annual financial statements except for the adoption of amendments to HKFRSs and new HKFRS effective for the financial year beginning 1 January 2016..

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

#### (a) New and amended standards adopted by the Group

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2016:

HKAS 1 (Amendment)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual improvements 2012-2014 cycle	Improvements to HKFRSs

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

- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2016 and have not been early adopted:

		<b>Effective for accounting periods beginning on or after</b>
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

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.

#### **4 Significant judgements and accounting estimates**

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

#### **5 Financial risk management**

##### **5.1 Financial risk factors**

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

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

#### **6 Revenue and segment information**

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

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

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

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

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

	<b>Hotel and serviced apartments</b>	<b>Office rental</b>	<b>Wholesale and shopping mall</b>	<b>Group</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Period ended 30 June 2016</b>				
Revenue from external customers	<u>231,231</u>	<u>406,951</u>	<u>271,176</u>	<u>909,358</u>
Segment results	<u>(10,105)</u>	<u>730,999</u>	<u>279,072</u>	<u>999,966</u>
Depreciation and amortisation	77,185	877	—	78,062
Fair value gain on investment properties	<u>—</u>	<u>415,262</u>	<u>85,105</u>	<u>500,367</u>
<b>Period ended 30 June 2015</b>				
Revenue from external customers	<u>236,038</u>	<u>323,711</u>	<u>230,642</u>	<u>790,391</u>
Segment results	<u>(12,421)</u>	<u>407,338</u>	<u>428,534</u>	<u>823,451</u>
Depreciation and amortisation	75,025	950	—	75,975
Fair value gain on investment properties	<u>—</u>	<u>163,103</u>	<u>271,486</u>	<u>434,589</u>



	<b>Hotel and serviced apartments</b>	<b>Office rental</b>	<b>Wholesale and shopping mall</b>	<b>Group</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2016</b>				
Total reportable segments' assets	<u>4,425,750</u>	<u>14,962,438</u>	<u>9,629,111</u>	<u>29,017,299</u>
<b>As at 31 December 2015</b>				
Total reportable segments' assets	<u>4,620,454</u>	<u>14,380,713</u>	<u>9,497,134</u>	<u>28,498,301</u>

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	999,966	823,451
Unallocated operating costs (Note)	<u>(74,762)</u>	<u>(72,101)</u>
Operating profit	925,204	751,350
Finance income	14,726	26,713
Finance expenses	<u>(360,143)</u>	<u>(174,708)</u>
Profit before income tax and transactions with unitholders	<u>579,787</u>	<u>603,355</u>

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

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

	<b>Unaudited</b> <b>30 June</b> <b>2016</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2015</b> <i>RMB'000</i>
Total reportable segments' assets	29,017,299	28,498,301
Corporate assets	<u>839,847</u>	<u>836,751</u>
Total assets	<u><u>29,857,146</u></u>	<u><u>29,335,052</u></u>

	<b>Revenue</b>		<b>Total assets</b>	
	<b>Unaudited</b>		<b>Unaudited</b>	<b>Audited</b>
	<b>Six months ended</b>		<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
China	<u>909,358</u>	<u>790,391</u>	29,017,299	28,498,301
Unallocated assets			<u>839,847</u>	<u>836,751</u>
			<u><u>29,857,146</u></u>	<u><u>29,335,052</u></u>

The Group's revenue by nature is as follows:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Hotel and serviced apartments operations		
Room rentals	132,859	133,869
Food and beverages	91,507	94,606
Property rentals	678,127	554,353
Others	<u>6,865</u>	<u>7,563</u>
	<u><u>909,358</u></u>	<u><u>790,391</u></u>

7 Expenses by nature

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Property management fee (i)	20,540	17,581
Employee benefit expense	54,328	58,153
Real estate tax	90,780	74,555
Business tax, urban construction and maintenance tax, education surcharge and local education surcharge	39,880	47,066
Withholding tax (ii)	31,645	30,383
Depreciation of property, plant and equipment	53,420	51,333
Amortisation of land use rights	24,642	24,642
Cost of inventories sold or consumed in operation	68,278	66,259
Other direct expenses on hotel and serviced apartments	19,530	24,977
Manager's fee (Note 8)	60,326	52,857
Trustee's fee	4,400	3,804
Valuation fee	621	618
Legal and professional fee	3,762	10,696
Auditor's remuneration	1,715	1,625
Bank charges	441	374
Others	<u>10,213</u>	<u>8,707</u>
 Total operating expenses	 <u>484,521</u>	 <u>473,630</u>

*Note:*

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents in Guangzhou, namely, Guangzhou Yicheng Property Management Ltd., Guangzhou Baima Business Operation Management Co. Ltd. (previously known as Guangzhou White Horse Property Management Co., Ltd.) and Guangzhou Yuexiu Asset Management Company Limited (Note 27).
- (ii) Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

## 8 Manager's fee

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Manager's fee:		
In the form of units	51,277	47,571
In the form of cash	<u>9,049</u>	<u>5,286</u>
	<u>60,326</u>	<u>52,857</u>

Pursuant to the circular of Yuexiu REIT dated 30 June 2012, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017 will be paid in the form of units.

## 9 Finance income

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	4,424	4,755
Interest income from a related company	9,618	16,338
Interest income from top-up payment asset	684	2,697
Foreign exchange gain on financing activities	<u>—</u>	<u>2,923</u>
	<u>14,726</u>	<u>26,713</u>

## 10 Finance expenses

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interest expense for bank borrowings	139,065	125,011
Interest expense for other borrowings	35,343	32,986
Amortisation of transaction costs for borrowings	12,652	10,304
Fair value loss on top-up payment asset	800	6,407
Foreign exchange loss on financing activities	<u>172,283</u>	<u>—</u>
	<u>360,143</u>	<u>174,708</u>

## 11 Income tax expenses

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

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

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Current income tax		
- China corporate income tax	15,718	5,682
- Under-provision in prior years	—	245
Deferred income tax (Note 21)	<u>155,286</u>	<u>52,400</u>
	<u>171,004</u>	<u>58,327</u>

## 12 Property, plant and equipment

	<b>Hotel and serviced apartments</b>	<b>Office supplies</b>	<b>Motor vehicles</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2015				
Opening net book amount				
as at 1 January 2015	2,364,217	148	5,129	2,369,494
Additions	20	—	—	20
Depreciation	(50,406)	(40)	(887)	(51,333)
Fair value gain on revaluation	<u>66,169</u>	<u>—</u>	<u>—</u>	<u>66,169</u>
Closing net book amount				
as at 30 June 2015	<u>2,380,000</u>	<u>108</u>	<u>4,242</u>	<u>2,384,350</u>
Six months ended 30 June 2016				
Opening net book amount				
as at 1 January 2016	2,409,000	88	3,365	2,412,453
Additions	2,099	—	—	2,099
Depreciation	(52,543)	(12)	(865)	(53,420)
Fair value gain on revaluation	<u>47,444</u>	<u>—</u>	<u>—</u>	<u>47,444</u>
Closing net book amount				
as at 30 June 2016	<u>2,406,000</u>	<u>76</u>	<u>2,500</u>	<u>2,408,576</u>
At 30 June 2016				
At fair value	2,406,000	—	—	2,406,000
At cost	<u>—</u>	<u>76</u>	<u>2,500</u>	<u>2,576</u>
	<u>2,406,000</u>	<u>76</u>	<u>2,500</u>	<u>2,408,576</u>

If hotel and serviced apartments had not been revalued, it would have been included in these condensed consolidated interim financial information at historical cost less accumulated depreciation of RMB1,940,785,000 (31 December 2015: RMB1,991,229,000).

As at 30 June 2016, property, plant and equipment with an aggregate carrying amount of RMB2,133 million (31 December 2015: RMB2,136 million) were pledged as collateral for the Group's bank borrowings (Note 24).

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

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Opening balance	2,409,000	2,364,217
Additions	2,099	1,804
Depreciation	(52,543)	(100,691)
Unrealised gains recognised in reserve	<u>47,444</u>	<u>143,670</u>
Closing balance	<u>2,406,000</u>	<u>2,409,000</u>
Changes in unrealised gains or losses for the period included in other comprehensive income at the end of the period	<u>47,444</u>	<u>143,670</u>

#### **Valuation processes of the Group**

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments was revalued by Vigers Appraisal and Consulting Limited, independent qualified valuer not related to the Group at 30 June 2016 and 31 December 2015.

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

At each financial year end the finance department:

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

#### **Valuation techniques**

##### **Fair value measurements using significant unobservable inputs**

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

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

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

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

#### **Significant inputs used to determine fair value**

Discount rates are estimated by Vigers Appraisal and Consulting Limited for 30 June 2016 and 31 December 2015 based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value.

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

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

#### **As at 30 June 2016**

	<b>Unit Rate/day</b>	<b>Discount Rate</b>	<b>Stabilised Occupancy Rate</b>
	<i>(RMB)</i>	<i>(%)</i>	<i>(%)</i>
Hotel	1,957	7.75	75.0
Serviced apartments	972	7.25	95.0

#### **As at 31 December 2015**

	<b>Unit Rate/day</b>	<b>Discount Rate</b>	<b>Stabilised Occupancy Rate</b>
	<i>(RMB)</i>	<i>(%)</i>	<i>(%)</i>
Hotel	2,010	8.0	73.0
Serviced apartments	964	7.5	95.0



### 13 Land use rights

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	1,527,824	1,577,109
Amortisation	<u>(24,642)</u>	<u>(24,642)</u>
End of the period	<u>1,503,182</u>	<u>1,552,467</u>

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

	<b>30 June</b>	<b>30 June</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
In China:		
Land use rights of between 10 and 50 years	<u>1,503,182</u>	<u>1,552,467</u>

As at 30 June 2016, the fair value of land use rights is approximately RMB1,994 million (31 December 2015: RMB1,971 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2016, land use rights were pledged with an aggregate net book amount of RMB1,420 million (31 December 2015: RMB1,443 million) as collateral for the Group's bank borrowings (Note 24).

### 14 Investment properties

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	23,194,000	19,299,000
Additions during the period	32,133	19,911
Fair value gains during the period, included in profit or loss under 'Fair value gain on investment properties'	<u>500,367</u>	<u>434,589</u>
End of the period	<u>23,726,500</u>	<u>19,753,500</u>

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

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB3,408,000 (2015: RMB6,136,000) relating to investment properties that were vacant.

As at 30 June 2016, investment properties with an aggregate net book value of approximately RMB3,263 million (31 December 2015: RMB3,177 million) were pledged as collateral for the Group's bank borrowings (Note 24).

### **Valuation processes of the Group**

The Group measures its investment properties at fair value. The investment properties were revalued by Vigers Appraisal and Consulting Limited, independent qualified valuer not related to the Group at 30 June 2016 and 31 December 2015.

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

At each financial year end the finance department:

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

### **Valuation techniques**

#### **Fair value measurements using significant unobservable inputs**

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

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

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

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

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

**Significant inputs used to determine fair value**

Capitalisation rate and discount rates are estimated by Vigers Appraisal and Consulting Limited for 30 June 2016 and 31 December 2015 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 monthly market unit rents and capitalisation rates used in the income capitalisation method are summarised as follows:

**As at 30 June 2016**

	<b>Monthly Market Unit Rent (RMB per sq.m.)</b>	<b>Capitalisation Rate (per annum)</b>
Office	75 to 312	4.50% to 7.75%
Retail	35 to 1,242	4.50% to 8.25%

**As at 31 December 2015**

	<b>Monthly Market Unit Rent (RMB per sq.m.)</b>	<b>Capitalisation Rate (per annum)</b>
Office	104 to 360	4.75% to 8.00%
Retail	49 to 1,207	4.75% to 8.50%

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

**As at 30 June 2016**

	<b>Monthly Market Unit Rent (RMB per sq.m.)</b>	<b>Discount Rate</b>	<b>Stabilised Occupancy Rate</b>
Office	75 to 312	7.00% to 9.00%	90.00% to 99.00%
Retail	35 to 1,242	7.25% to 9.25%	95.00% to 99.50%

**As at 31 December 2015**

	<b>Monthly Market Unit Rent (RMB per sq.m.)</b>	<b>Discount Rate</b>	<b>Stabilised Occupancy Rate</b>
Office	104 to 360	7.25% to 9.25%	97.30% to 100.00%
Retail	49 to 1,207	7.50% to 9.50%	86.81% to 100.00%

## 15 Deferred assets

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

## 16 Goodwill

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net book amount	<u>824,459</u>	<u>824,459</u>
Cost	824,459	824,459
Accumulated impairment	<u>—</u>	<u>—</u>
	<u>824,459</u>	<u>824,459</u>

## 17 Top-up payment asset

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

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

It is initially recognised at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cash flows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 1.65% per annum. Top-up payment asset is subsequently carried at amortised cost using the effective interest method. The expected future cash flows is under revision regularly.

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

The top-up payment received/receivable for the six months period ended 30 June 2016 was RMB35,442,000 (2015: RMB38,093,000).

## 18 Trade receivables

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>13,883</u>	<u>13,168</u>

The fair values of trade receivables approximate their carrying amounts.

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	12,303	11,120
31 - 90 days	1,435	1,796
91 - 180 days	<u>145</u>	<u>252</u>
	<u>13,883</u>	<u>13,168</u>

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

## 19 Prepayments, deposits and other receivables

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

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

20 Short-term bank deposits and cash and cash equivalents

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand	737,793	572,621
Short-term bank deposits with original maturity of less than three months	<u>114,867</u>	<u>109,975</u>
Cash and cash equivalents	852,660	682,596
Short-term bank deposits with original maturity of more than three months	<u>30,343</u>	<u>57,269</u>
Total	<u><u>883,003</u></u>	<u><u>739,865</u></u>
Maximum exposure to credit risk	<u><u>882,536</u></u>	<u><u>739,425</u></u>

As at 30 June 2016, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB708,781,000 (31 December 2015: RMB572,004,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of China is subject to exchange control restrictions imposed by the Chinese government.

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

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

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
HK\$	140,319	63,575
RMB	709,249	572,444
USD	<u>33,435</u>	<u>103,846</u>
	<u><u>883,003</u></u>	<u><u>739,865</u></u>

21 **Deferred tax liabilities**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	3,611,190	2,607,530
Deferred taxation charged to profit or loss (Note 11)	155,286	52,400
Deferred taxation charged to reserve	<u>13,288</u>	<u>18,532</u>
End of the period	<u><u>3,779,764</u></u>	<u><u>2,678,462</u></u>

22 **Trade payables**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u><u>14,389</u></u>	<u><u>13,094</u></u>

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	9,306	11,061
31 - 90 days	4,915	2,026
91 - 180 days	<u>168</u>	<u>7</u>
	<u><u>14,389</u></u>	<u><u>13,094</u></u>

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

23 **Rental deposits, receipts in advance and accruals and other payables**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Rental deposits		
Current portion	120,480	127,160
Non-current portion	<u>192,571</u>	<u>175,842</u>
	313,051	303,002
	-----	-----
Receipts in advance		
Current portion	60,946	77,016
Non-current portion	<u>9,528</u>	<u>12,669</u>
	70,474	89,685
	-----	-----
Provision for withholding tax payable	14,223	9,353
Provision for business tax, urban construction and maintenance tax, education surcharge and local education surcharge	—	5,473
Construction fee payable	532,889	645,072
Accruals for operating expenses	<u>140,377</u>	<u>109,347</u>
Accruals and other payables	<u>687,489</u>	<u>769,245</u>
	<u>1,071,014</u>	<u>1,161,932</u>

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



## 24 Borrowings

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Current portion of long term borrowings	<u>2,899,501</u>	<u>2,841,730</u>
Long-term borrowings		
Bank borrowings		
- Secured	2,355,500	2,360,000
- Unsecured	6,619,522	6,358,503
Other borrowings, unsecured (Note)	<u>2,310,134</u>	<u>2,259,442</u>
	11,285,156	10,977,945
Less: current portion of long-term borrowings	<u>(2,899,501)</u>	<u>(2,841,730)</u>
Total long-term borrowings	<u>8,385,655</u>	<u>8,136,215</u>
Analysed into:		
Unsecured	8,929,656	8,617,945
Secured	<u>2,355,500</u>	<u>2,360,000</u>
	<u>11,285,156</u>	<u>10,977,945</u>

Bank borrowings of the Group are guaranteed on a joint and several basis<sup>1</sup> and also secured by the following:

- certain parts of Guangzhou IFC amounting to RMB6,816 million;
- present and future assets (including but not limited to: (a) a charge over any interest-bearing accounts (the “Charged Accounts”), (b) a floating charge over all assets, (c) an assignment of dividends and all other revenue generated) of Yuexiu REIT 2012 Company Limited (“REIT 2012”), Tower Top Development Ltd. (“Tower Top”), BVI Holdcos<sup>2</sup> and HK Holdcos<sup>3</sup>, subsidiaries of the Group;
- all right, title and interest in all present and future loans of REIT 2012, Tower Top, BVI Holdcos<sup>2</sup> and HK Holdcos<sup>3</sup>;



maximum number of units that may be issued to YXP which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. The outstanding deferred units at 30 June 2016 were 733,280,000 units (31 December 2015: 733,280,000 units).

The movement of units is as below:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>'000</i>	<i>'000</i>
Beginning of the period	2,828,887	2,799,796
Units issued during the period (Note)	<u>15,675</u>	<u>15,481</u>
End of the period	<u>2,844,562</u>	<u>2,815,277</u>

Note: During the period, 15,675,000 units were issued for the payment of manager's fee for the period from 1 July 2015 to 31 December 2015. In 2015, 29,091,000 units were issued for the payment of manager's fee for the year.

**26 Earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders**

**(a) Basic**

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>405,635</u>	<u>543,624</u>
Weighted average number of units in issue ('000)	<u>2,838,706</u>	<u>2,807,921</u>
Basic earnings per unit (RMB)	<u>0.14</u>	<u>0.19</u>

(b) **Diluted**

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2016.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>405,635</u>	<u>543,624</u>
Weighted average number of units in issue ('000)	2,838,706	2,807,921
Adjustments for deferred units ('000)	733,280	733,280
Adjustments for manager's fee in form of units ('000)	<u>13,667</u>	<u>14,127</u>
Weighted average number of units for diluted earnings per unit ('000)	<u>3,585,653</u>	<u>3,555,328</u>
Diluted earnings per unit (RMB)	<u>0.11</u>	<u>0.15</u>

27 **Connected party transactions and significant related party transactions and balances**

As at 30 June 2016, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 37% of Yuexiu REIT's units. The remaining approximately 63% of the units are widely held.

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 30 June 2016:

<b>Connected/related companies</b>	<b>Relationship with Yuexiu REIT</b>
Yuexiu Property Company Limited ("YXP") <sup>1</sup>	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZAM") <sup>1</sup>	A subsidiary of YXP

<b>Connected/related companies</b>	<b>Relationship with Yuexiu REIT</b>
Guangzhou Yicheng Property Management Ltd. (“Yicheng”) <sup>1</sup>	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. (“White Horse JV”) <sup>1</sup>	A subsidiary of YXP
Guangzhou Baima Business Operation Management Co. Ltd. (previously known as Guangzhou White Horse Property Management Co., Ltd.) (“Baima BM”) <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction & Development Xingye Property Agent Ltd. (“Xingye”) <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction and Development Co. Ltd. (“GCCD”) <sup>1</sup>	A subsidiary of YXP
Yue Xiu Enterprises (Holdings) Limited (“Yue Xiu”) <sup>1</sup>	A major shareholder of YXP
Guangzhou Yuexiu Holdings Limited (“GZYX”) <sup>1</sup>	Immediate holding company of Yue Xiu
廣州越秀企業集團有限公司 <sup>1</sup>	A subsidiary of GZYX
Guangzhou City Construction and Development Group Co., Ltd. <sup>1</sup>	A subsidiary of GZYX
Golden Eagle Asset Management Co. Ltd. (“Golden Eagle”) <sup>1,2</sup>	A subsidiary of GZYX
Guangzhou Grandcity Development Ltd. <sup>1</sup>	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang La Salle Property Services Co., Ltd. (“GZ JLL”) <sup>1</sup>	A subsidiary of YXP
廣州市祥港房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市宏錦房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州東耀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. (“Guang Zheng”) <sup>1,2</sup>	A subsidiary of GZYX
Guangzhou Suiqiao Development Co., Ltd. (“Suiqiao”) <sup>1</sup>	A subsidiary of GZYX

<b>Connected/related companies</b>	<b>Relationship with Yuexiu REIT</b>
Guangzhou Securities Company Limited <sup>1,2</sup>	A subsidiary of GZYX
Guangzhou Futures Co., Ltd <sup>1,2</sup>	A subsidiary of GZYX
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. <sup>1,2</sup>	A subsidiary of GZYX
Guangzhou Yuexiu Financial Leasing Co., Ltd. <sup>1,2</sup>	A subsidiary of GZYX
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. <sup>1,2</sup>	A subsidiary of GZYX
廣州越秀小額貸款有限公司 <sup>1,2</sup>	A subsidiary of GZYX
Beijing Jones Lang La Salle Property Management Services Company Limited, Guangzhou Branch (“Beijing JLL”) <sup>1</sup>	A subsidiary of GZYX
Guangzhou Yue Tong Expressway Operations and Management Company Limited (“Yue Tong”) <sup>1</sup>	A subsidiary of GZYX
Guangzhou Yue Peng Information Ltd. (“Yue Peng”) <sup>1</sup>	A subsidiary of GZYX
Yuexiu (China) Transport Infrastructure Investment Company Limited <sup>1</sup>	A subsidiary of GZYX
Guangzhou Paper Group Ltd. <sup>1</sup>	A subsidiary of GZYX
Chong Hing Bank Limited Guangzhou Tianhe Sub-Branch (previously known as Chong Hing Bank Limited Guangzhou Sub-Branch) (“Chong Hing Guangzhou”) <sup>1</sup>	A subsidiary of GZYX
Chong Hing Bank Limited Shanghai Branch (“Chong Hing Shanghai”) <sup>1</sup>	A subsidiary of GZYX
Guangzhou Building Materials Enterprise Group Co., Ltd. <sup>1</sup>	A subsidiary of GZYX
Guang Zhou Titanium Dioxide Factory <sup>1</sup>	A subsidiary of GZYX
HSBC Institutional Trust Services (Asia) Limited (the “Trustee”)	The Trustee of Yuexiu REIT
Vigers Appraisal and Consulting Limited (the “Incumbent Valuer”)	The current principal valuer of Yuexiu REIT

<b>Connected/related companies</b>	<b>Relationship with Yuexiu REIT</b>
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The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the “HSBC Group”)	Associates of the Trustee
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<sup>1</sup> 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.

<sup>2</sup> These connected companies ceased to be related companies of the Group from 1 May 2016.

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

(a) *Transactions with connected/related companies*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Manager’s fee paid/payable to the Manager (ii)	(60,326)	(52,857)
Management fee paid/payable to Yicheng	(5,233)	(5,134)
Management fee paid/payable to Baima BM	(6,055)	(5,887)
Management fee paid/payable to GZAM	(9,252)	(6,560)
Rental income received/receivable from Xingye	2,607	2,772
Rental income received/receivable from Yicheng	2,112	1,265
Rental income received/receivable from GCCD	7,205	15,441
Rental income received/receivable from White Horse JV	638	600
Rental income received/receivable from Golden Eagle	835	2,256
Rental income received/receivable from 廣州越秀企業集團有限公司	16,384	16,059
Rental income received/receivable from Guangzhou Grandcity Development Ltd.	1,090	9,524
Rental income received/receivable from Guang Zheng	1,115	1,723
Rental income received/receivable from Suiqiao	305	308
Rental income received/receivable from Guangzhou Securities Company Limited	11,146	12,214
Rental income received/receivable from Guangzhou Futures Company Limited	993	—
Rental income received/receivable from Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	992	1,526
Rental income received/receivable from GZ JLL	7,327	7,035
Rental income received/receivable from Guangzhou Yuexiu Financial Leasing Co., Ltd.	2,177	3,007
Rental income received/receivable from GZAM	4,693	4,691

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income received/receivable from 廣州祥港房地產開發有限公司	4,316	—
Rental income received/receivable from 廣州宏錦房地產開發有限公司	9,086	—
Rental income received/receivable from 廣州東耀房地產開發有限公司	304	—
Rental income received/receivable from Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	2,959	3,751
Rental income received/receivable from Yue Tong	397	401
Rental income received/receivable from Yue Peng	405	409
Rental income received/receivable from Yuexiu (China) Transport Infrastructure Investment Company Limited	4,107	3,456
Rental income received/receivable from 廣州越秀小額貸款有限公司	220	329
Rental income received/receivable from Beijing JLL	622	619
Rental income received/receivable from Guangzhou Paper Group Ltd.	140	143
Rental income received/receivable from Guangzhou Building Materials Enterprise Group Co., Ltd.	140	143
Rental income received/receivable from Guang Zhou Titanium Dioxide Factory	140	143
Rental income received/receivable from Chong Hing Guangzhou	1,671	1,696
Rental income received/receivable from Chong Hing Shanghai	43	—
Interest income received/receivable from GCCD	9,618	16,338
Trustee's fee paid/payable to the Trustee	(4,400)	(3,804)
Valuation fee paid/payable to the Valuer	(621)	(618)
Transactions with the HSBC Group		
- Interest expense paid/payable to the HSBC Group	<u>(3,581)</u>	<u>(3,458)</u>

*Note:*

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



(b) *Balances with related companies*

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Amount due from GCCD (i)	175,142	292,172
Amount due to Yicheng	(2,631)	(1,927)
Amount due to Baima BM	(1,842)	(1,037)
Amount due to the Manager	(60,326)	(60,426)
Amount due to GZAM	(1,474)	(1,536)
Amount due to Guangzhou City Construction and Development Group Co., Ltd.	(10,000)	(10,000)
Rental deposits from related companies (ii)	<u>(29,357)</u>	<u>(33,201)</u>

Except for an amount due from GCCD of approximately RMB165 million (31 December 2015: RMB278 million) which is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable, all other balances with related companies are unsecured, interest-free, repayable on demand and reasonable approximation to their fair values. All the balances are denominated in RMB, except for the amount due to the Manager which is denominated in HK\$.

*Note:*

- (i) Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction cost related to the construction of Guangzhou IFC. On 7 May 2012, an initial amount of RMB1,293 million was transferred to GCCD by Tower Top. The receivable balance of RMB 175 million (31 December 2015: RMB292 million) as at period end represents the initial amount transferred to GCCD less the settlement of construction payable. The remaining amount will be paid to GCCD when the receivable balance is less than or equal to RMB100 million.
- (ii) Rental deposits from related companies are included as rental deposits in the condensed consolidated balance sheet.

(c) *Key management compensation*

There was no key management compensation for the period ended 30 June 2016 (2015: nil).

## 28 Capital commitments

	<b>Unaudited 30 June 2016 RMB'000</b>	<b>Audited 31 December 2015 RMB'000</b>
Capital commitments in respect of property, plant and equipment and investment properties Contracted but not provided for	<u>25,237</u>	<u>45,937</u>

## 29 Future minimum rental receivables

At 30 June 2016, the Group had future minimum rental receivables under non-cancellable leases as follows:

	<b>Unaudited 30 June 2016 RMB'000</b>	<b>Audited 31 December 2015 RMB'000</b>
Within one year	1,207,748	1,053,541
Between one year and five years	1,633,138	1,736,437
Over five years	<u>271,549</u>	<u>241,282</u>
	<u>3,112,435</u>	<u>3,031,260</u>

## 30 Comparative figures

Certain comparative figures have been restated to conform with current year's presentation.

By order of the board of directors of  
**Yuexiu REIT Asset Management Limited**  
(as manager of Yuexiu Real Estate Investment Trust)  
**Lin Zhaoyuan**  
*Chairman*

Hong Kong, 3 August 2016

*As at the date of this announcement, the board of directors of the Manager is comprised as follows:*

*Executive Director:* Mr. LIN Deliang

*Non-executive Directors:* Mr. LIN Zhaoyuan (Chairman) and Mr. LI Feng

*Independent Non-executive Directors:* Mr. CHAN Chi On Derek, Mr. CHAN Chi Fai Brian and Mr. CHEUNG Yuk Tong