



越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme under section 104 of the Securities and Futures Ordinance <chapter 571 of the Laws of Hong Kong>)

(Stock Code: 00405)

INTERIM REPORT 2012



MANAGER



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



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Performance Summary

The following is a summary of Yuexiu REIT's financial results during the 2012 and 2011 Interim Period:

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

	Six months ended 30 June		Change Increase / (Decrease) %
	2012	2011	
Gross Income	271,489,000	257,546,000	5.41%
Net property income	212,319,000	201,624,000	5.30%
Profit after tax	252,992,000	839,541,000	(69.87)%
Earnings per unit	0.2373	0.7876	(69.87)%
Distribution per unit	0.1114	0.1109	0.5%
Equivalent to HK\$	0.1367	0.1339	2.1%
	30 June	31 December	Change
	2012	2011	Increase %
Portfolio valuation	6,644,000,000	6,471,000,000	2.67%
Net assets attributable to Unitholders	5,235,050,000	5,095,264,000	2.74%
Net assets attributable to Unitholders per unit	4.91	4.78	2.74%

Report of the Chief Executive Officer



Dear Unitholders of Yuexiu REIT,

On behalf of the management team of Yuexiu REIT Asset Management Limited (“Manager”), Manager of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”), I am very pleased to present to you the interim report of Yuexiu REIT for the first half of 2012.

RESULTS AND DISTRIBUTIONS

Despite a slowdown in the economic growth of the People’s Republic of China (“PRC”), Yuexiu REIT still managed to record better performance during the first half of 2012. With the collaborating efforts of the entire management team and the quality properties in the portfolio of Yuexiu REIT, all key operation indicators have achieved stable growth, continuously maintaining a steady development trend.

For the period from 1 January 2012 to 30 June 2012 (“2012 Interim Period”), Yuexiu REIT declared an interim distribution of approximately RMB118,775,000 (approximately HK\$145,718,000), representing an increase of approximately RMB 536,000 or around 0.5% over the declared interim distribution of RMB118,239,000 (approximately HK\$142,716,000) for



Report of the Chief Executive Officer

the same period last year. Each Unitholder will receive a distribution amount of approximately RMB 0.1114 (approximately HK\$0.1367) per unit, representing an increase of approximately 0.5% as compared to the distribution amount of RMB0.1109 (approximately HK\$0.1339) per unit for the same period last year. Based on the offer price of HK\$3.075 per unit at the time of listing, the distribution rate will be approximately 4.45%, whereas based on the closing price of HK\$3.72 per unit as at 30 June 2012, the distribution rate will be approximately 3.67%.

As at 30 June 2012, Yuexiu REIT owned five properties (“Properties”), namely, White Horse Building Units (“White Horse Building”), Fortune Plaza Units (“Fortune Plaza”), City Development Plaza Units (“City Development Plaza”), Victory Plaza Units (“Victory Plaza”) and Yue Xiu Neo Metropolis Plaza Units (“Neo Metropolis”), with a total rentable area of 211,031.1 sq.m, of which a total area of 207,527.93 sq.m is currently leased out. The overall occupancy rate of the Properties is 98.34%, representing a decrease of 1.58% as compared to the same period last year.

For the 2012 Interim Period, Yuexiu REIT recorded a total revenue of approximately RMB271,489,000, representing an increase of 5.41% as compared to RMB257,546,000 for the same period last year. The rent collection rate continued to remain at 100% without bad debts. All of the Properties were under stable operation with persistent and steady growth.

MARKET REVIEW

During the first half of 2012, the overall economic development of Guangzhou showed steady growth on a slow-moving trend, with major economy indicators recording various degrees of growth at a decreasing rate. Economic growth rate for the first quarter was 7.3%, a new record low in recent three years. During the first two quarters, Guangzhou government stimulated the economy via boosting domestic consumption and expanding investment channels, resulting in a solidly growing economy, while upholding the momentum of Guangzhou being a vibrant first-tier city with active growing economy in China.

Affected by the surrounding economies, during the first half of the year, the office building leasing market of Guangzhou failed to maintain the rapid growth trend as in last year. The overall rental and vacancy rate remained stable and was expected to be basically the same as at the end of last year. Due to the slow-growing total retail sales of social consumer goods, the premium retail shops leasing market of Guangzhou recorded a lacklustre performance, the average rent decreased by approximately 3% as compared to the first quarter on a quarter-to-quarter basis.

BUSINESS OPERATING STRATEGIES

Against the backdrop of a sluggish recovery of global economy and the steady economic growth of the PRC, the Manager precisely captured the features and competitive advantages of the Properties owned by the Yuexiu REIT and implemented aggressive professional management and effective leasing strategies, striving to maintain a stable and sustainable growth in its operating results.

The White Horse Building is the core of the asset portfolio of Yuexiu REIT. During the first half of the year, the Manager continued to proceed with “The Influences of White Horse” project and strengthened communication and collaboration among industry participants which resulted in continuously upgrading the brand recognition of White Horse and its reputation in the industry. Meanwhile, the Manager continually enhanced its operation in the market for increased rental of individual floors and optimized the layout to create a favorable business environment, ultimately achieving the goals of sustainable and steady income with long-term favourable development.

Both Fortune Plaza and City Development Plaza are well-established office projects. A decreasing demand for Grade-A offices was recorded since the beginning of 2012, our office projects also experienced pressure in soliciting leasing business, in view of these market conditions, the Manager aggressively carried out various tenant solicitation activities, through effective management of expiring leases and adjusted tenant mix when appropriate, resulting in stable occupancy rate and satisfactory income of these office projects.

The Neo Metropolis offers multiple functional commercial offices. The Manager continued to proactively manage expiring leases and strived to optimize tenant mix and augment rental, so as to steadily increase the rental income of the property.

The Victory Plaza is the only retail commercial project in the current asset portfolio. During the first half of the year, the Manager actively provided support for tenants' operations in various ways to ensure stable operation of this project. Meanwhile, the Manager also actively considered long-term development strategies for this project.

INVESTMENT AND FINANCIAL STRATEGIES

On the basis of capturing market dynamics and a thorough research on the market, the Manager adopted active and discreet investment and financial principles. The Manager not only selected projects suitable for Yuexiu REIT from commercial projects developed by Yuexiu Properties in Guangzhou and throughout the PRC, but also identified and researched on quality commercial real estate projects with growth potential in first-tier cities such as Beijing and Shanghai, whereby capturing acquisition opportunities and expanding the scale of the Trust to bring in long-term and stable investment income for Unitholders.

ASSET APPRECIATION STRATEGIES

The Manager implemented various targeted, scientific and systematic asset appreciation strategies for the Properties owned by Yuexiu REIT. During the first half of the year, the Manager carried out a number of asset enhancement projects, including refurbishment, renovation of equipment and facilities, to make good use of the potential value of the Properties portfolio, so as to raise tenants' satisfaction level, prevent operational risks and pursue ideal investment return.

PROSPECTS

Affected by uncertain prospects of the global economy and possible slowdown in the economic growth of the PRC, it is expected that during the second half of the year, the overall occupancy rate of the office building leasing market of Guangzhou will decrease slightly and the average rent will record a stagnant growth. The quality retail shops leasing market of Guangzhou will continue to be sluggish and annual rental is expected to continuously experience downward pressure.

However, we are cautiously optimistic and believe that pivoting on the high quality Properties portfolio, the Manager of the Yuexiu REIT, through implementing proactive and stable leasing strategies, together with effective asset value enhancement measures and actively grasping investment opportunities, will continue to bring in relatively stable returns for Unitholders.



Report of the Chief Executive Officer

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to extend our appreciation to the management and staff for their hard work, and our gratitude to all Unitholders, tenants and business partners for their strong support and cooperation!

Liu Yongjie

Chief Executive Officer

Hong Kong, 11 July 2012

YUEXIU REIT Profile

Yuexiu REIT is a Hong Kong real estate investment trust constituted by a trust deed dated 7 December 2005 as amended by a first supplemental deed dated 25 March 2008 and second supplemental deed dated 23 July 2010 (collectively the "Trust Deed"), with HSBC Institutional Trust Services (Asia) Limited as the trustee ("Trustee") and the Manager. Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 21 December 2005 ("Listing Date").

Yuexiu REIT's property portfolio comprises five commercial properties located in Guangzhou and Yuexiu REIT is the first publicly listed real estate investment trust in the world which invests in domestic properties in the China.

DISTRIBUTION

In accordance with the Trust Deed, Yuexiu REIT will distribute no less than 90% of Total Distributable Income to the Unitholders.

The Manager has resolved to declare an interim distribution to Unitholders for the 2012 Interim Period of approximately RMB0.1114 which is equivalent to HK\$0.1367 (2011: approximately RMB0.1109 which is equivalent to HK\$0.1339) per unit. The interim distribution represents a 133% of Yuexiu REIT's Total Distributable Income for the 2012 Interim Period.

The 2012 interim distribution amounting to approximately RMB118,775,000 which is equivalent to HK\$145,718,000 (2011: approximately RMB118,239,000 which is equivalent to HK\$142,716,000), will be effected on 26 October 2012 and HK\$0.1367 (equivalent to RMB0.1114) per unit will be paid to the Unitholders whose names appear on the register of Unitholders on 26 July 2012.

The Manager confirms that the interim distribution referred above comprises the Total Distributable Income and an additional amount which was related to the transaction costs amounting to approximately RMB29,511,000, in the nature of capital, incurred during the Interim Period for the proposed subscription which was disclosed in the circular dated 30 June 2012.

The Manager has calculated the Total Distributable Income based on Yuexiu REIT's consolidated profit after tax before transactions with the Unitholders adjusted to eliminate the effects of certain non-cash items which have been recorded in the consolidated statement of comprehensive income for the relevant year or period.

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

Distribution Per Unit

Distribution to Unitholders for the 2012 Interim Period is HK\$0.1367 (2011: HK\$0.1339) per unit, represents a yield of approximately 3.67% (2011: 3.33%) per unit based on the closing price of HK\$3.72 per unit as at 30 June 2012 (2011: HK\$4.02). This represents an annualized distribution yield of 7.34%.



Management Discussion and Analysis

BUSINESS REVIEW

Stable growth in operating results

In the first half of 2012, Yuexiu REIT achieved satisfactory results amid a flat leasing market in Guangzhou by implementing sound and stable leasing and asset management strategies. Property competitiveness was further strengthened laying down a solid foundation for future income growth and long-term development of Yuexiu REIT.

PROPERTY PORTFOLIO AND VALUATION

As at 30 June 2012, Yuexiu REIT consists of five properties - White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza and Neo Metropolis. The aggregate area of ownership was approximately 223,614.3 sq.m., total rentable area was approximately 211,031.1 sq.m. (excluding 7,549.0 sq.m. parking space and 4,528.1 sq.m. of clubhouse and common facilities area of Neo Metropolis, and the following statistics of both current aggregate rented area and occupancy rate exclude the above area).

According to a valuation performed by an independent professional valuer, Savills Valuation and Professional Services Limited ("Savills"), the valuation of the Properties of Yuexiu REIT as at 30 June 2012 in aggregate was approximately RMB6.644 billion, representing an increase of approximately RMB0.173 billion or 2.7% over the valuation as at 31 December 2011. The net assets attributable to Unitholders per unit was approximately RMB4.91 as at 30 June 2012, representing an increase of 2.74% over the net assets attributable to Unitholders per unit as at 31 December 2011.

The following table summarizes the valuation of each of the Properties as at 30 June 2012 and 31 December 2011:

Property Name	Valuation	Valuation	Increase
	as at 30 June 2012 RMB million	as at 31 December 2011 RMB million	
White Horse Building	3,753.0	3,651.0	2.8%
Fortune Plaza	761.0	749.5	1.5%
City Development Plaza	631.0	612.0	3.1%
Victory Plaza	768.0	747.0	2.8%
Neo Metropolis	731.0	711.5	2.7%
Total	6,644.0	6,471.0	2.7%

Particulars of the properties:

Property	Type	Location	Year of Completion	Area of Ownership (Sq.m.)	Total Rental Area (Sq.m.)	Property Occupancy Rate ⁽²⁾	# of Lease Contract ⁽²⁾	Appraised Value ⁽²⁾ (RMB million)
White Horse Building	Wholesale shopping center	Yuxiu District	1990	50,199.3	50,128.9	100.00%	1,105	3,753
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	97.73%	76	761
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	97.69%	67	631
Victory Plaza	Retail shopping center	Tianhe District	2003	27,698.1	27,262.3	95.94%	19	768
Neo Metropolis	Commercial complex	Yuxiu District	2007	61,964.3	49,887.3 ⁽¹⁾	99.05% ⁽¹⁾	112	731
Total				<u>223,614.3</u>	<u>211,031.1</u>	<u>98.34%</u>	<u>1,379</u>	<u>6,644</u>

Note:

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

(2) As at 30 June 2012.

OCCUPANCY RATE STAYED AT HIGH LEVEL

As at 30 June 2012, the overall occupancy rate of the Properties was approximately 98.34%, representing 1.58% lower than 99.92% for the same period last year.

The following table sets out a comparison of occupancy rates in respect of all the Properties between this reporting period and the same period of previous year:

Name of Property	Occupancy Rate as at 30 June 2012	Occupancy Rate as at 30 June 2011	Percentage Change Compared to 30 June 2011 %
White Horse Building	100.00%	100.00%	0.00%
Fortune Plaza	97.73%	99.64%	-1.91%
City Development Plaza	97.69%	100.00%	-2.31%
Victory Plaza	95.94%	99.96%	-4.02%
Neo Metropolis	99.05%	100.00%	-0.95%
Total	98.34%	99.92%	-1.58%

Management Discussion and Analysis

REVENUE CONTINUED TO INCREASE

For 2012 Interim Period, the Properties recorded revenue of approximately RMB271.5million, representing a 5.4% increase compared to that of the previous year. In particular, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza and Neo Metropolis accounted for approximately 59%, 11%, 10%, 10% and 10% respectively of the total revenue of the Properties.

No bad debt was recorded during this Interim Period.

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

Name of Property	Revenue For 2012 Interim Period RMB million	Revenue For 2011 Interim Period RMB million	Increase Compared to 2011 Interim Period RMB million	Increase of Revenue From Properties %
White Horse Building	158.9	153.0	5.9	3.9%
Fortune Plaza	31.7	29.7	2.0	6.7%
City Development Plaza	25.8	24.5	1.3	5.3%
Victory Plaza	27.9	24.5	3.4	13.9%
Neo Metropolis	27.2	25.8	1.4	5.4%
Total	271.5	257.5	14.0	5.4%

White Horse Building — Enhancing efficiency by promoting marketing and pursuing development by reinforcing management

During the first half of 2012, White Horse Building continued to implement its “The Influences of White Horse” promotion program. With the participation of tens of branded apparel retailers, it successfully held the “White Horse Fashion Market Nationwide Circuit Show” in Hunan province — an apparel distribution center in the PRC, the said Circuit Show effectively expanded the sales and promotion channels for its tenants, gained business opportunities, enhanced the scope of “The Influences of White Horse” and elevated its market recognition and reputation. Meanwhile, the Manager continued to implement its tenants brand entry review system, and carried out comprehensive categorized and stratified management on customers, further optimized the structure of its customers and enhanced the quality of customer service.

Fortune Plaza — Bring in quality customers to explore potential for expanding leased area

In the first half of 2012, Fortune Plaza completed the expiring leasing work for the expiring large units in its commercial podium, and successfully brought in a number of regional offices of chained large-sized enterprises. The Manager initiated an early and timely lease renewal work, facilitated the successful retention of a number of quality tenants, such as “LGChem” and “Citibank” to expand their leased area, ensured the stability of its occupancy rate, optimized its tenant structure and augmented the number of premium tenants.

City Development Plaza — A decrease in vacant units and a significant increase in rent renewal

City Development Plaza carried out its leasing work by various effective means and successfully leased out a whole floor and a number of units at a satisfactory rent level. With its effective asset enhancement initiatives, precise market positioning and strong leasing negotiating power, City Development Plaza achieved a remarkable result in renewing expiring leases.

Neo Metropolis — Strong performance in leasing business and a new record high in rental income

In view of a large amount of expiring leases with a greater proportion of expiring leases with small-sized tenants in the year, Neo Metropolis raised rent by taking the opportunity of lease renewals and set a new record high on its average rent at approximately RMB93.17 per square meter in June. Meanwhile, the Manager, from a long-term perspective, is consolidating rentable spaces by taking the opportunity of lease renewal to meet tenants demands which are in line with our market positioning and rental income initiatives.

Victory Plaza — Extend support to tenants and pursue long-term development

With the prevailing macroeconomic environment in the first half of 2012, the retail industry of Guangzhou experienced a slow growth and the anchor tenants of Victory Plaza recorded a year-on-year decreasing operating result. In view of this, the Manager initiated a series of timely supporting measures by extending support and offering preferential incentives to tenants in respect of marketing promotion and property services. As a result, the overall operation of the property remained stable in the first half of the year. At the same time, the Manager took proactive measures in making various operational adjustments, including optimizing the deployment of shopping area and enriching operating conditions, aimed at realizing the long-term steady development of Victory Plaza and growth in rental income.



Management Discussion and Analysis

Actively propelling asset enhancement project, preserving and appreciating property value

In the first half of 2012, the Manager completed a number of asset enhancement works, including the renovation work of installing an additional air conditioner and replacing some air-conditioning ventilating shafts at White Horse Building; renovation work of the power supply system at City Development Plaza; renovation work of the podium LOGO at Fortune Plaza; renovation work of the public areas on the 18th floor at City Development Plaza; renovation work of the podium lights at Victory Plaza; and the renovation work of the surveillance system at Neo Metropolis, which effectively improved the business environment and competitiveness of the Properties.

In the second half of the year, the Manager will focus on the modification work of lifts No. 6 and No. 7 at White Horse Building, the capacity expansion work for the spare circuits of transformer No. 5 at Neo Metropolis, and the decoration and renovation work in the public floor area of City Development Plaza and Fortune Plaza.

Seizing opportunities, expanding the scale of assets

In the first half of 2012, the Manager, on the basis of thorough market research on the property and capital market, entered into a transaction with Yuexiu Property Company Limited (“YXP”), a major unitholder of Yuexiu REIT, in relation to Guangzhou IFC via an interactive capital circulation mode, which will be submitted for consideration and approval at the upcoming Unitholders’ Extraordinary General Meeting. The Manager aims at adding quality assets to Yuexiu REIT’s property portfolio and optimizing its property structure, significantly expanding the scale of the Trust, increasing public float and liquidity of the Yuexiu REIT, so as to enable the Unitholders to benefit from the buoyant economic growth and the opportunities brought by the constantly growing commercial property market in Guangzhou.

FINANCIAL REVIEW

Financial Results

Both rental income and net property income were higher than those in the interim period of 2011. The following is a summary of Yuexiu REIT's financial results during the 2012 Interim Period:

	Six months ended 30 June		
	2012	2011	Increase/ (decrease)
	Unaudited	Unaudited	
	RMB' 000	RMB' 000	%
Gross income	271,489	257,546	5.4%
Leasing agents' fee	(9,271)	(8,773)	5.7%
Property related taxes (Note 1)	(48,047)	(45,514)	5.6%
Other property expenses (Note 2)	(1,852)	(1,635)	13.3%
Total property operating expenses	(59,170)	(55,922)	5.8%
Net property income	212,319	201,624	5.3%
Withholding tax	(24,527)	(23,255)	5.5%
Manager's fees	(17,720)	(14,724)	20.3%
Trustee's fees	(1,135)	(904)	25.6%
Other trust expenses (Note 3)	(5,555)	(8,559)	(35.1)%
Total non-property expenses	(48,937)	(47,442)	3.2%
Profit before finance costs, interest income and tax	163,382	154,182	6.0%
Interest income	3,208	1,318	143.4%
Finance (cost)/income, net	(35,477)	15,982	322.0%
Profit before tax	131,113	171,482	(23.5)%
Income tax expenses	(13,817)	(12,313)	12.2%
Net profit after tax before fair value gain on investment properties	117,296	159,169	(26.3)%
Fair value gain on investment properties	165,207	680,372	(75.7)%
Expenses incurred in connection with any transaction involving a transfer of ownership, asset or business	(29,511)	—	N/A
Net profit after tax before transactions with Unitholders	252,992	839,541	(69.9)%



Management Discussion and Analysis

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

Note 2 Other property expenses include valuation fee, insurance premium, depreciation and other operating 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, company secretarial services fees, exchange difference and miscellaneous expenses.

Gross income was approximately RMB271,489,000 (2011: RMB257,546,000), which represented an increase of 5.4%. It was mainly because of an increase in average rent of the Properties. The average rental income per square meter per month of five premises as at 30 June 2012 was approximately RMB222 (2011: RMB207).

Property related tax increased by approximately 5.6% as compared with interim period 2011. It was mainly because of an increase of related tax amount due to an increase of gross income.

Due to the appreciation of Hong Kong dollar against RMB at the end of mid-2012, an unfavourable exchange loss in RMB3,127,000 was added to the financial cost of HK\$2.502 billion term loan, excluding this unfavourable adjustment, the actual financial cost for the said HK\$2.502 billion term loan was approximately RMB32,350,000.

Profit after tax before transactions with Unitholders amounted to approximately RMB252,992,000 (2011: RMB839,541,000), which represented a 69.9% decrease, mainly due to the fair value gain on properties valuation for the 2012 Interim Period being approximately RMB165,207,000, far lower than the amount of approximately RMB680,372,000 recorded for the same period of last year. Moreover, a transaction cost amounting approximately RMB29,511,000 was incurred for the proposed subscription of Guangzhou International Finance Center during the Interim Period. Details of the proposed subscription was disclosed in the circular dated 30 June 2012.

New Units Issued and Unit Activity

There were no new units issued by Yuexiu REIT during the 2012 Interim Period. As at 30 June 2012, a total of 1,065,972,687 units were issued by Yuexiu REIT.

The closing price of Yuexiu REIT as at 30 June 2012 was HK\$3.72 per unit which represented a 21.0% increase compared to the IPO price of HK\$3.075 per unit. Yuexiu REIT's unit price reached a high of HK\$4.20 and a low of approximately HK\$3.36 during the 2012 Interim Period. The volume transacted during the 2012 Interim Period was approximately 200,980,000 units, equivalent to an average of approximately 1,861,000 units daily.

Asset Value

The net assets attributable to Unitholders per unit as at 30 June 2012 was approximately RMB4.91 (31 December 2011: RMB4.78).

CAPITAL STRUCTURE

On 26 September 2011, Yuexiu REIT, through its SPVs, had entered into a facility agreement with certain lending banks in connection with a three-year floating rate secured term loan facility of HK\$2.502 billion. The new loan was fully drawn down on 17 October 2011.

As at 30 June 2012, total borrowings of Yuexiu REIT amounted to approximately RMB1,990,459,000 which is approximately HK\$2,451,334,000 representing approximately 26.3% of total assets of Yuexiu REIT.

As at 30 June 2012, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB2,330,497,000, representing approximately 30.8% of total assets of Yuexiu REIT.

The above-said gearing ratios were below the maximum borrowing limit of 45% as stipulated in the REIT Code.

Cash Position

Cash balance of Yuexiu REIT as at 30 June 2012 amounted to approximately RMB714,457,000 which was approximately HK\$879,884,000. 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 2012 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 2012 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2012 will be published on the websites of the Stock Exchange and Yuexiu REIT and will be sent to Unitholders on or before 31 August 2012.

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 2012 Interim Period, there was no repurchase, sale or redemption of units of Yuexiu REIT by Yuexiu REIT or any of its subsidiaries.



Management Discussion and Analysis

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

On 28 May 2012, the Trustee entered into a conditional subscription deed with YXP, to subscribe for 99.99% of the enlarged share capital of Tower Top Development Limited (“Tower Top”), which is holding 99% interests in Guangzhou International Finance Center (“GZIFC”), a mixed-use commercial building in Guangzhou. On the same date, the Trustee, the Manager and YXP also entered into a conditional indebtedness agreement in which YXP agreed to transfer and assign the amount owed by Tower Top Group to the Trustee. The consideration of the above transaction of RMB9,050 million will be settled by cash, issuance of units and deferred units, and new bank facility. Upon the completion of the above transactions, Yuexiu REIT will effectively own 98.99% interests in GZIFC. The above transaction will be subject to the Unitholders’ approval in the Extraordinary General Meeting which will be held on 23 July 2012. For details of this proposed subscription, please refer to the circular dispatched on 30 June 2012 and the announcement published on 28 May 2012.

EMPLOYEES

Yuexiu REIT is managed by the Manager. Yuexiu REIT does not employ any staff.

CORPORATE GOVERNANCE

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

During the 2012 Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of Yuexiu REIT.

CLOSURE OF REGISTER OF UNITHOLDERS

The register of Unitholders will be closed on Friday, 27 July 2012, during which period no transfer of units will be effected. In order to qualify for the distribution, all unit certificates with completed transfer forms must be lodged with Yuexiu REIT’s unit registrar, Tricor Investor Services Limited, of 26/F Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 26 July 2012.

Connected Party Transactions

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

The Manager and Significant Holder Group

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

Leasing Transactions

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

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2012 Interim Period (RMB)
City Development Plaza									
Guangzhou Yicheng Property Management Limited ("Yicheng")	1st floor	an associate of the Manager	97.0	1 May 2010	485	5	0	3	2,910
Guangzhou City Construction & Development Xingye Property Agent Ltd ("Xingye")	24th floor ⁽¹⁾	an associate of the Manager	818.07	1 Feb 2009	81,807	100	0	3	474,479
Guangzhou City Construction & Development Co., Ltd ("GCCD")	103C	an associate of the Manager	555.54	1 Jan 2012	41,667	75	0	0.92	250,002
Golden Eagle Asset Management Co. Ltd	22,23/F	an associate of the Manager	3,688.68	16 Jan 2011	368,868	100	76	5	2,268,692
Sub-total:									2,996,083

(1) On 1 February 2012, Xingye entered into a lease with Full Estates Investment Limited. In respect of the 24/F of City Development Plaza renewing the existing term for another 0.33 year commencing 1 February 2012 at a monthly rent of RMB120/sq. meter/ month.



Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2012 Interim Period (RMB)
Neo Metropolis									
Guangzhou White Horse Clothing Market Ltd	Basement 2nd, 3rd floors	an associate of the Manager	7,621.03	1 August 2009	100,000	13	0	3.42	600,000
Xingye	East Tower 1104	an associate of the Manager	127.27	1 Mar 2011	10,818	85	46	3	63,272
Xingye	West Tower 706	an associate of the Manager	90.98	16 April 2012	8,643	95	30	3	21,443
Sub-total:									684,715
Fortune Plaza									
Xingye	East Tower 808	an associate of the Manager	188.80	1 Apr 2011	25,488	134	0	2	152,928
Total:									3,833,726

Property Management Agreements

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

Property Manager	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2012 Interim Period (RMB)
Guangzhou White Horse Property Management Co. Ltd. ("White Horse Property Manager")	Associate of Manager	White Horse Building	1 Jan 2011	Property Management Agreement	N/A
Yicheng	Associate of Manager	Fortune Plaza	1 Jan 2011	Property Management Agreement	N/A
Yicheng	Associate of Manager	City Development Plaza	19 Jul 2010	Property Management Agreement	N/A
Yicheng	Associate of Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
Yicheng	Associate of Manager	Neo Metropolis	1 May 2011	Property Management Agreement	N/A



Connected Party Transactions

Tenancy services agreements

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

Service provider	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2012 Interim Period (RMB)
White Horse Property Manager	Associate of Manager	White Horse Building	1 Jan 2011	Tenancy Services Agreement	4,766,000
Yicheng	Associate of Manager	Fortune Plaza	1 Jan 2011	Tenancy Services Agreement	1,240,000
Yicheng	Associate of Manager	City Development Plaza	1 Jan 2011	Tenancy Services Agreement	1,033,000
Yicheng	Associate of Manager	Victory Plaza	1 Jan 2011	Tenancy Services Agreement	1,117,000
Yicheng	Associate of Manager	Neo Metropolis and Fortune Plaza 1701	1 Jan 2011	Tenancy Services Agreement	1,115,000

Trade Mark Licence Agreements

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

Grantor	Relationship with Yuexiu REIT	Property	Nature of transaction	Amount paid/ payable for 2012 Interim Period	Licence Period
White Horse Property Manager	Associate of Manager	White Horse Building	Trade Mark Licence Agreement ⁽⁶⁾	—	1 January 2007 to 27 November 2016 and 30 January 2017
Yue Xiu	Associate of Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

Waiver from Strict Compliance

A waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of the existing leasing transactions of Yuexiu REIT, the existing property management arrangement and the tenancy services agreement of the existing properties, together with the new leasing transaction, the new property management arrangement and the new tenancy services agreement, as mentioned above, between the Group and persons which are connected with Yuexiu REIT as a result of their connection with the Manager were granted by the SFC on 6 January 2011, subject to annual limitation as to the capped value of such transactions, review by the auditors for each relevant financial period, annual review by the Audit Committee and the independent non-executive directors (“INED”) and other terms and conditions. For detailed terms and conditions of the waiver, please refer to the circular dispatched to Unitholders on 17 December 2010.

HSBC Group*

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

Leasing Transactions

Certain portions of the Fortune Plaza Units have been leased to members of the HSBC Group. Details are as follows:

Tenant	Location of unit	GFA (sq.m.)	Lease commencement date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income for the 2012 Interim Period (RMB)
HSBC Software Development (Guangdong) Limited	4th storey ⁽¹⁾	4,275.1	1 Feb 2011	448,886	105	0	1.5	2,693,313
(“HSBC Software”)	5th storey ⁽¹⁾	4,275.1	1 Feb 2011	448,886	105	0	1.5	2,693,313
	3rd storey ⁽²⁾	2,000.0	1 Feb 2011	210,000	105	0	1.5	630,000
Total:								6,016,626

(1) The lease expired in July 2012

(2) The lease was terminated in April 2012



Connected Party Transactions

Ordinary Banking Services

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

Nature of transaction	Date of agreement	Principal amount	Amount of fees paid/ payable within the 2012 Interim Period	Amount of interest paid/payable within the 2012 Interim Period (RMB)
Loan ¹	26 September 2011	HK\$310 million	—	4,008,000

¹ HSBC was one of the lending banks and acted as the agent and security agent for the lending bank.

REIT Holdco, Partat, Keen Ocean, Full Estates, Moon King and Metrogold Development Ltd (“Metrogold”) have maintained interest bearing accounts with HSBC at arm’s length and on commercial terms for deposits during the 2012 Interim Period.

Waiver from Strict Compliance

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

Confirmation by the Audit Committee and the INEDs

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

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

Confirmation by the Manager and Trustee on corporate finance transaction with the HSBC Group

Both the Manager and the Trustee have confirmed that there is no corporate finance transaction nor other connected transaction (save for those disclosed above) with the HSBC Group during the 2012 Interim Period.

Manager's Fees

During the 2012 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB17,720,000.

Trustee's Fees

During the 2012 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB1,135,000.

Principal Valuer's Fees

During the 2012 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Principal Valuer was RMB195,000.

Interests held by the Manager and its Directors and Chief Executive Officer

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

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

Interests and Short Positions in the Units:

Name of Director	Nature of Interest	As at 1 January 2012		As at 30 June 2012		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Liang Ningguang ¹	—	Nil	—	Nil	—	—
Mr. Liu Yongjie ²	—	Nil	—	Nil	—	—
Mr. Li Feng	Personal	1,825	0.000171%	1,825	0.000171%	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Lee Kwan Hung, Eddie	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—

1 Mr. Liang is also a director of Yue Xiu and therefore Yue Xiu is deemed to be an associate of Mr. Liang under Rule 8.1 of the REIT Code. Accordingly, the holdings of Yue Xiu as disclosed in "Holdings of Significant Holders" are deemed to be the holdings of Mr. Liang.

2 Mr. Liu is also the Chief Executive Officer of the Manager.



Connected Party Transactions

HOLDINGS OF SIGNIFICANT HOLDERS

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

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2012		As at 30 June 2012		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Guangzhou Yue Xiu Holding Limited ("GZYX") ¹	Deemed	388,514,767	36.45%	388,514,767	36.45%	—
	Total	388,514,767	36.45%	388,514,767	36.45%	—
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Beneficial	27,320	0%	27,320	0%	—
	Deemed	388,487,447	36.45%	388,487,447	36.45%	—
	Total	388,514,767	36.45%	388,514,767	36.45%	—
YXP ²	Beneficial	—	—	—	—	—
	Deemed	379,253,182	35.58%	379,253,182	35.58%	—
	Total	379,253,182	35.58%	379,253,182	35.58%	—
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	379,253,182	35.58%	379,253,182	35.58%	—
	Deemed	—	—	—	—	—
	Total	379,253,182	35.58%	379,253,182	35.58%	—

1. Further information in relation to interests of corporations controlled by GZYX:

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares Long Position	Short Position
Yue Xiu	GZYX	100.00	Y	27,320	—
	GZYX	100.00	N	388,487,447	—
Excellence Enterprises Co., Ltd.	Yue Xiu	100.00	N	387,188,217	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	N	379,253,182	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	Y	5,698,282	—
YXP	Bosworth International Limited	34.06	N	379,253,182	—
Dragon Yield	YXP	100.00	Y	379,253,182	—
Sun Peak Enterprises Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	1,414,207	—
Novena Pacific Limited	Sun Peak Enterprises Ltd.	100.00	Y	1,414,207	—
Shine Wah Worldwide Limited	Excellence Enterprises Co., Ltd.	100.00	N	395,122	—
Morrison Pacific Limited	Shine Wah Worldwide Limited	100.00	Y	395,122	—
Perfect Goal Development Co., Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	339,342	—
Greenwood Pacific Limited	Perfect Goal Development Co., Ltd.	100.00	Y	339,342	—
Seaport Development Limited	Excellence Enterprises Co., Ltd.	100.00	N	88,082	—
Goldstock International Limited	Seaport Development Limited	100.00	Y	88,082	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,299,230	—

2. The deemed interest in 379,253,182 Units were held through Dragon Yield, a 100% owned subsidiary.



Connected Party Transactions

HOLDINGS OF OTHER CONNECTED PERSONS

Senior Executives of the Manager

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

Name of Senior Executive	Nature of interest	As at 1 January 2012		As at 30 June 2012		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Ms. Chen Huiqing	Personal ¹	510	0.000048%	510	0.000048%	—
Ms. Ou Haijing	Personal	1,000	0.000094%	1,000	0.000094%	—

¹ 255 units held by spouse

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including the Trustee and Savills holding any Units as at 30 June 2012.

Unit Options

During the 2012 Interim Period, Yuexiu REIT or any of its controlled entities was not a party to any arrangements enabling the Directors of the Manager (including, their spouses and children under 18 years of age) to benefit through acquiring the Units in Yuexiu REIT or any fund units of other legal entities or any derivatives of equities.

Review Report of the Independent Auditor



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF YUEXIU REIT ASSET MANAGEMENT LIMITED (AS THE “MANAGER” of YUEXIU REAL ESTATE INVESTMENT TRUST)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 45, which comprises the interim condensed consolidated balance sheet of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) and its subsidiaries (together, the “Group”) as at 30 June 2012 and the related interim condensed consolidated statement of comprehensive income, distribution statement and interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Manager are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 July 2012

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

		Unaudited	
		Six months ended 30 June	
	Note	2012	2011
		RMB' 000	RMB' 000
Revenue - rental income		271,489	257,546
Operating expenses	6	(108,107)	(103,364)
Operating profit		163,382	154,182
Fair value gains on investment properties		165,207	680,372
Transaction costs for a potential acquisition	8	(29,511)	—
Net finance (cost)/income - excluding amounts attributable to Unitholders	9	(32,269)	17,300
Profit before income tax and transactions with Unitholders		266,809	851,854
Income tax expenses	10	(13,817)	(12,313)
Profit after income tax before transactions with Unitholders		252,992	839,541
Other comprehensive income		—	—
Total comprehensive income for the period before transactions with Unitholders		252,992	839,541
Change in net assets attributable to Unitholders	20	252,992	839,541

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008 and second supplemental deed on 23 July 2010 (the "Trust Deed"), Yuexiu REIT is required to distribute to Unitholders not less than 90% 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. Distributable income is determined in the Distribution Statement on page 31.
- (ii) Earnings per unit, based upon profit after tax before transactions with Unitholders and the average number of units in issue, is presented in Note 21.

The notes on pages 33 to 45 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2012

	Note	Unaudited 30 June 2012 RMB' 000	Audited 31 December 2011 RMB' 000
Non-current assets			
Machinery and tools	11	—	10
Investment properties	12	6,644,000	6,471,000
Deferred assets	13	36,762	39,104
Goodwill	14	160,324	160,324
		<u>6,841,086</u>	<u>6,670,438</u>
Current assets			
Tax recoverable		2,130	2,248
Prepayments, deposits and other receivables	15	7,874	6,831
Short-term bank deposits	16	—	175,111
Cash and cash equivalents	16	714,457	520,650
		<u>724,461</u>	<u>704,840</u>
Total assets		<u>7,565,547</u>	<u>7,375,278</u>
Current liabilities			
Rental deposits, current portion	18	52,973	54,055
Receipts in advance	18	9,087	7,986
Accruals and other payables	18	70,387	44,944
Amounts due to related companies	22	18,764	22,179
		<u>151,211</u>	<u>129,164</u>
Non-current liabilities, other than net assets attributable to Unitholders			
Rental deposits, non-current portion	18	79,558	72,576
Deferred tax liabilities	17	109,269	100,105
Bank borrowings, secured	19	1,990,459	1,978,169
		<u>2,179,286</u>	<u>2,150,850</u>
Total liabilities, other than net assets attributable to Unitholders		<u>2,330,497</u>	<u>2,280,014</u>
Net assets attributable to Unitholders	20	5,235,050	5,095,264
Total liabilities		<u>7,565,547</u>	<u>7,375,278</u>
Net assets		<u>—</u>	<u>—</u>

Interim Condensed Consolidated Balance Sheet

As at 30 June 2012

	Note	Unaudited 30 June 2012 RMB'000	Audited 31 December 2011 RMB'000
Total equity		—	—
Net current assets		573,250	575,676
Total assets less current liabilities		7,414,336	7,246,114
Units in issue ('000)		1,065,973	1,065,973
Net assets attributable to Unitholders per unit (RMB)		4.91	4.78

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

Liang Ningguang
Director

Liu Yongjie
Director

The notes on pages 33 to 45 are an integral part of this condensed consolidated interim financial information.

Distribution Statement

For the six months ended 30 June 2012

	Note	Unaudited	
		Six months ended 30 June	
		2012	2011
		RMB' 000	RMB' 000
Profit after income tax before transactions with Unitholders		252,992	839,541
Adjustments for the total distributable income (i)			
– Fair value gains on investment properties		(165,207)	(680,372)
– Deferred taxation charged to the consolidated statement of comprehensive income		6,630	5,349
– Amortisation charges on investment property under China Accounting Standards		(5,115)	(5,115)
– Exchange gain on bank borrowings		—	(41,129)
Total distributable income		89,300	118,274
Distributable amount at 1 January		113,170	104,750
Distribution paid during the period (ii)	20	(113,206)	(104,785)
Distributable amount at 30 June		89,264	118,239
Additional amount (iii)		29,511	—
Interim distribution declared (iv)		118,775	118,239
Distribution per unit, declared (iv)		RMB0.1114	RMB0.1109

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with 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) A distribution of RMB0.1062 per unit, totaling RMB113,206,000 (equivalent to HK\$139,429,000), was paid to Unitholders on 9 May 2012.
- (iii) Pursuant to the terms of the Trust Deed and as disclosed in the Circular dated 30 June 2012 about the potential transaction as disclosed in Note 8, the Manager decided to distribute an additional amount of RMB29,511,000 (equivalent to HK\$36,243,000), which was related to the transaction costs for the potential transaction, on top of the Total Distributable Income for the six months ended 30 June 2012. Such additional amount is capital in nature and the additional distribution per unit is RMB0.0277 (equivalent to HK\$0.0340).
- (iv) An interim distribution in respect of six months ended 30 June 2012 of RMB0.1114 (equivalent to HK\$0.1367) per unit, totaling RMB118,775,000 (equivalent to HK\$145,718,000) was declared by the Board of the Manager on 11 July 2012.

The Manager calculated the above per unit figures based on the average units in issue as disclosed in Note 21.

The notes on pages 33 to 45 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Unaudited	
	Six months ended 30 June	
	2012	2011
	RMB' 000	RMB' 000
Cash flows from operating activities		
Cash generated from operations	164,209	173,280
Interest paid	(23,187)	(17,441)
Corporate income tax paid	(4,535)	(4,554)
	<u>136,487</u>	<u>151,285</u>
Net cash generated from operating activities	136,487	151,285
Cash flows from investing activities		
Additions of investment properties	(7,793)	(3,628)
Interest received	3,208	1,318
Decrease in short-term bank deposits with original maturity of more than three months	175,111	—
	<u>170,526</u>	<u>(2,310)</u>
Net cash generated from/(used in) investing activities	170,526	(2,310)
Cash flows from financing activities		
Distribution paid	(113,206)	(104,785)
	<u>(113,206)</u>	<u>(104,785)</u>
Net cash used in financing activities	(113,206)	(104,785)
Net increase in cash and cash equivalents	193,807	44,190
Cash and cash equivalents at beginning of the period	<u>520,650</u>	<u>378,955</u>
Cash and cash equivalents at end of the period	<u>714,457</u>	<u>423,145</u>

The notes on pages 33 to 45 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

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

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the “Manager”), and HSBC Institutional Trust Services (Asia) Limited, as the trustee of Yuexiu REIT (the “Trustee”) on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008 and Second Supplemental Deed dated 23 July 2010) 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 11 July 2012.

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 2012 has been prepared in accordance with Hong Kong Accounting Standard 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

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

- (a) Amendments and interpretations to existing standards effective in 2012 but not relevant to the Group

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2012.

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets
HKFRS 1 (Amendment)	Disclosures – Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets

Under the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances. The Group rebutted this presumption as the Manager considered that the investment properties that are measured using the fair value model will be recovered through use under Yuexiu REIT for the purpose of measuring deferred tax in respect of such properties. As a result, the adoption of the above amendments to existing standards does not have material impact on the Group’s financial performance and position.

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES (Continued)

- (b) The following new standards and amendments to standards have been issued but are not effected for the financial year beginning 1 January 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of financial statements ¹
HKAS 19 (Amendment)	Employee benefits ²
HKAS 27 (revised 2011)	Separate financial statements ²
HKAS 28 (revised 2011)	Investment in associates and joint ventures ²
HKAS 32 (Amendment)	Financial instruments : Presentation – Offsetting financial assets and financial liabilities ³
HKFRS 7 (Amendment)	Financial instruments : Disclosures – Offsetting financial assets and financial liabilities ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures ⁴
HKFRS 9	Financial instruments ⁴
HKFRS 10	Consolidated financial statements ²
HKFRS 11	Joint arrangements ²
HKFRS 12	Disclosures of interests in other entities ²
HKFRS 13	Fair value measurements ²
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine ²

¹ effective for annual periods beginning on or after 1 July 2012

² effective for annual periods beginning on or after 1 January 2013

³ effective for annual periods beginning on or after 1 January 2014

⁴ effective for annual periods beginning on or after 1 January 2015

In addition, the Hong Kong Institute of Certified Public Accountants (“HKICPA”) also published a number of amendments for the existing standards/interpretations under forth annual improvement project (2011). The directors of the Manager anticipate that the adoption of these standards, amendments to standards and interpretations would not result in a significant impact on the results and financial position of the Group. The Group plans to adopt these new standards, amendments to standards and interpretations 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 2011.

Notes to the Condensed Consolidated Interim Financial Information

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, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do 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 2011.

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

6 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2012	2011
	RMB' 000	RMB' 000
Property management fee (i)	9,271	8,773
Urban real estate tax	32,314	30,556
Business tax, flood prevention, fee urban construction and maintenance tax, education surcharge and local education surcharge	15,448	14,628
Withholding tax (ii)	24,527	23,255
Depreciation of property, plant and equipment	10	725
Manager's fee	17,720	14,724
Trustee's fee	1,135	904
Valuation fee	195	123
Legal and professional fee	4,445	2,905
Auditor's remuneration	734	757
Bank charges	20	22
Others	2,288	5,992
Total operating expenses	108,107	103,364

Notes:

- (i) The Group received leasing, marketing and tenancy management services from two leasing agents, namely, Guangzhou Yicheng Property Management Ltd. and Guangzhou White Horse Property Management Co. Ltd. (Note 22).
- (ii) Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

Notes to the Condensed Consolidated Interim Financial Information

7 EMPLOYEE BENEFIT EXPENSE

Yuexiu REIT did not appoint any directors and the Group did not engage any employees during the period. As such, it has not incurred any employee benefit expense.

8 TRANSACTION COSTS FOR A POTENTIAL ACQUISITION

On 28 May 2012, the Trustee entered into a conditional subscription agreement with Yuexiu Property Company Limited (“YXP”), a major unitholder of Yuexiu REIT, to subscribe for 99.99% of the enlarged share capital of Tower Top Development Limited (“Tower Top Group”), which is holding 99% interest in Guangzhou International Finance Center (“GZIFC”), a mixed-use commercial building in Guangzhou. On the same date, the Trustee, the Manager and YXP also entered into a conditional indebtedness agreement in which YXP agreed to transfer and assign the amount owed by Tower Top Group to YXP to the Trustee. The consideration of RMB9,050 million of the above transactions will be satisfied by cash, issuance of units and deferred units and new bank facility. Upon the completion of the above Transactions, Yuexiu REIT will effectively own 98.99% interests in GZIFC. The above transaction will be subject to the unitholders’ approval in the extraordinary general meeting which will be held on 23 July 2012. The transaction costs incurred for the six months ended 30 June 2012 were RMB29,511,000.

9 NET FINANCE (COST)/INCOME - EXCLUDING AMOUNTS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited	
	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Interest income from bank deposits	3,208	1,318
Interest expense for bank borrowings	(23,187)	(17,441)
Loan transaction costs for bank borrowings	(9,163)	(7,706)
Net foreign exchange (loss)/gain	(3,127)	41,129
Net finance (cost)/income	<u>(32,269)</u>	<u>17,300</u>

Notes to the Condensed Consolidated Interim Financial Information

10 INCOME TAX EXPENSES

Since a subsidiary carries out its operation through a sino-foreign co-operative joint venture in China, it is subject to corporate income tax at a rate of 25% (2011: 25%).

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 6(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	
	2012	2011
	RMB' 000	RMB' 000
Current income tax		
– China corporate income tax	4,653	4,469
Deferred income tax (Note 17)	9,164	7,844
	<u>13,817</u>	<u>12,313</u>

11 MACHINERY AND TOOLS

	RMB' 000
Six months ended 30 June 2011	
Opening net book amount as at 1 January 2011	813
Depreciation	<u>(725)</u>
Closing net book amount as at 30 June 2011	<u>88</u>
Six months ended 30 June 2012	
Opening net book amount as at 1 January 2012	10
Depreciation	<u>(10)</u>
Closing net book amount as at 30 June 2012	<u>—</u>

Notes to the Condensed Consolidated Interim Financial Information

12 INVESTMENT PROPERTIES

	Unaudited	
	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Beginning of the period	6,471,000	5,432,500
Additions	7,793	3,628
Fair value gains	165,207	680,372
End of the period	6,644,000	6,116,500

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

The investment properties were revalued at 30 June 2012 by Savills Valuation and Professional Services Limited, an independent professional valuer. Valuations were performed using discounted cash flow projections based on estimates of future cash flows, derived from the terms of any existing lease and other contracts, and from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In the condensed consolidated interim statement of comprehensive income, direct operating expenses include RMB367,075 (2011: RMB18,946) relating to investment properties that were vacant.

As at 30 June 2012, certain investment properties were pledged as collateral for the Group's bank borrowings (Note 19).

13 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 tenancy periods. The temporary difference between the cash received from rental income as set out in the tenancy agreements and accounting monthly rental income is reflected as deferred assets. The deferred assets are denominated in RMB.

Notes to the Condensed Consolidated Interim Financial Information

14 GOODWILL

	Unaudited	Audited
	30 June	31 December
	2012	2011
	RMB' 000	RMB' 000
Net book amount	160,324	160,324
Cost	160,324	160,324
Accumulated impairment	—	—
	160,324	160,324

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

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

16 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

As at 30 June 2012, included in the cash and cash equivalents and short-term bank deposits of the Group are bank deposits of approximately RMB347,152,000 (31 December 2011: RMB267,376,000) 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 remaining balances of cash and cash equivalents and short-term bank deposits are denominated in Hong Kong dollar and United States dollar.

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

Notes to the Condensed Consolidated Interim Financial Information

17 DEFERRED TAX LIABILITIES

	Unaudited 30 June 2012 RMB' 000	Audited 31 December 2011 RMB' 000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	<u>109,269</u>	<u>100,105</u>

The movements in deferred tax liabilities during the period are as follows:

	Fair value gains RMB' 000	Others RMB' 000	Withholding tax in respect of unremitted earnings of a subsidiary RMB' 000	Total RMB' 000
Six months ended 30 June 2011				
At 1 January 2011	57,681	11,424	6,406	75,511
Charged to the statement of comprehensive income (Note 10)	<u>5,349</u>	<u>1,155</u>	<u>1,340</u>	<u>7,844</u>
At 30 June 2011	<u>63,030</u>	<u>12,579</u>	<u>7,746</u>	<u>83,355</u>
Six months ended 30 June 2012				
At 1 January 2012	76,368	14,604	9,133	100,105
Charged to the statement of comprehensive income (Note 10)	<u>6,630</u>	<u>1,220</u>	<u>1,314</u>	<u>9,164</u>
At 30 June 2012	<u>82,998</u>	<u>15,824</u>	<u>10,447</u>	<u>109,269</u>

There is no significant unprovided deferred taxation as at 30 June 2012 (31 December 2011: Nil).

Notes to the Condensed Consolidated Interim Financial Information

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

	Unaudited	Audited
	30 June	31 December
	2012	2011
	RMB' 000	RMB' 000
Rental deposits		
Current portion	52,973	54,055
Non-current portion	79,558	72,576
	132,531	126,631
Receipts in advance	9,087	7,986
Provision for withholding tax payable	7,665	7,603
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	5,738	5,727
Construction fee payable	3,685	3,685
Accruals for operating expenses	28,369	27,929
Accruals for transaction costs for a potential acquisition	24,930	—
Accruals and other payables	70,387	44,944
	212,005	179,561

The carrying amounts of rental deposits, receipts in advance and other payables approximate their fair values.

Notes to the Condensed Consolidated Interim Financial Information

19 BANK BORROWINGS, SECURED

	Unaudited	Audited
	30 June	31 December
	2012	2011
	RMB' 000	RMB' 000
Non-current	<u>1,990,459</u>	<u>1,978,169</u>

Bank borrowings are denominated in Hong Kong dollar and secured by investment properties of Partat Investment Limited, Moon King Limited, Full Estates Investment Limited and Keen Ocean Limited amounting to RMB5,894,000,000.

The effective interest rate of the bank borrowings at the balance sheet date was 2.34% (31 December 2011: 2.18%) per annum. The carrying amounts of the borrowings approximate their fair values.

The Group has no undrawn borrowing facilities as at 30 June 2012 (31 December 2011: Nil).

20 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited	
	Six months ended 30 June	
	2012	2011
	RMB' 000	RMB' 000
Beginning of the period	5,095,264	3,980,990
Transfer from the statement of comprehensive income	252,992	839,541
Distribution paid during the period	<u>(113,206)</u>	<u>(104,785)</u>
End of the period	<u>5,235,050</u>	<u>4,715,746</u>

21 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS

Earnings per unit based upon profit after income tax before transactions with Unitholders for the six months ended 30 June 2012 is approximately RMB0.2373 (2011: RMB0.7876). The calculation of earnings per unit is based on profit after income tax before transactions with Unitholders of approximately RMB252,992,000 (2011: RMB839,541,000) and on average units in issue of 1,065,973,000 units (2011: 1,065,973,000 units) during the period.

Diluted earnings per unit is not presented as there is no dilutive instrument for the six months ended 30 June 2012.

Notes to the Condensed Consolidated Interim Financial Information

22 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 30 June 2012, the Group was significantly influenced by Yuexiu Property Company Limited (incorporated in Hong Kong), which owns approximately 36% of Yuexiu REIT's units. The remaining approximately 64% of the units are widely held.

The table set forth below summarized the names of significant parties and nature of relationship with Yuexiu REIT as at 30 June 2012:

Connected party	Relationship with Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") ¹	A subsidiary of YXP
Guangzhou Yicheng Property Management Ltd. ("Yicheng") ¹	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV") ¹	A subsidiary of YXP
Guangzhou White Horse Property Management Co. Ltd. ("White Horse PM") ¹	A subsidiary of YXP
Guangzhou City Construction & Development Xingye Property Agent Ltd. ("GCCD Xingye Property Agent") ¹	A subsidiary of YXP
Guangzhou City Construction & Development Co. Ltd. ("GCCD") ¹	A subsidiary of YXP
Yue Xiu Enterprises (Holdings) Limited ("YXE") ¹	A major shareholder of YXP
Guangzhou Yuexiu Holdings Limited ("Yue Xiu") ¹	Shareholder of YXE
Golden Eagle Asset Management Company Limited ("Golden Eagle") ¹	A subsidiary of Yue Xiu
HSBC Institutional Trust Services (Asia) Limited (the "Trustee")	The Trustee of Yuexiu REIT
Savills Valuation and Professional Services Limited (the "Incumbent Valuer")	The current principal valuer of Yuexiu REIT
Vigers Appraisal and Consulting Limited (the "Former Valuer")	The former principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee

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

Notes to the Condensed Consolidated Interim Financial Information

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

(a) Transactions with connected parties/related parties

The following transactions were carried out with connected parties/related parties:

	Unaudited	
	Six months ended 30 June	
	2012	2011
	RMB' 000	RMB' 000
Manager's fee paid/payable to the Manager (ii)	(17,720)	(14,724)
Property management fee paid/payable to Yicheng	(4,505)	(4,180)
Property management fee paid/payable to White Horse PM	(4,766)	(4,593)
Rental income received from GCCD Xingye Property Agent	712	610
Rental income received from YXP	—	604
Rental income received from YXE	—	26
Rental income received from Yicheng	3	3
Rental income received from White Horse JV	600	586
Rental income received from GCCD	250	309
Rental income received from Golden Eagle	2,269	—
Trustee fee paid/payable to the Trustee	(1,135)	(904)
Valuation fee paid/payable to the Incumbent Valuer	(195)	—
Valuation fee paid/payable to the Former Valuer	—	(123)
Transactions with the HSBC Group		
– Interest expense paid/payable to the HSBC Group	(4,008)	(3,712)
– Rental income received from the HSBC Group	6,017	6,512
– Interest income from the HSBC Group	52	19
	52	19

Notes:

- (i) All transactions with connected parties/related parties 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.

Notes to the Condensed Consolidated Interim Financial Information

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

(b) Balances with related parties

The following balances were carried out with related parties:

	Unaudited 30 June 2012 RMB' 000	Audited 31 December 2011 RMB' 000
Amount due to Yicheng	(744)	(747)
Amount due to White Horse PM	(815)	(767)
Amount due to the Manager	(17,205)	(20,665)
	<u>(18,764)</u>	<u>(22,179)</u>

All balances with related parties are unsecured, interest-free, repayable on demand and approximate to their fair values. All the balances are denominated in RMB, except for the balance with the Manager which is denominated in Hong Kong dollar.

(c) Key management compensation

There was no key management compensation for the period ended 30 June 2012 (2011: Nil).

23 CAPITAL COMMITMENTS

	Unaudited 30 June 2012 RMB' 000	Audited 31 December 2011 RMB' 000
Capital commitments in respect of investment properties, contracted but not provided for	<u>3,064</u>	<u>5,664</u>

24 FUTURE MINIMUM RENTAL RECEIVABLES

At 30 June 2012, the Group had future minimum rental receivables under non-cancellable leases as follows:

	Unaudited 30 June 2012 RMB' 000	Audited 31 December 2011 RMB' 000
Within one year	406,130	513,976
Between one year and five years	585,182	701,081
Over five years	45,465	17,913
	<u>1,036,777</u>	<u>1,232,970</u>



Performance Table

	Unaudited 30 June 2012	Unaudited 30 June 2011
Net assets attributable to Unitholders (RMB)	5,235,050,000	4,715,746,000
Net assets attributable to Unitholders per unit (RMB)	4.91	4.42
Equivalent to HK\$	6.05	5.31
The highest premium of the traded price to net asset value (i)	—	—
The highest discount of the traded price to net asset value (i)	HK\$2.69	HK\$1.40
Net yield per unit (ii)	6.38%	23.28%
Number of units in issue	1,065,972,687 units	1,065,972,687 units

Note:

- (i) The highest premium is calculated based on the highest traded price of HK\$4.20 (2011: HK\$4.40) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the period from 1 January 2012 to 30 June 2012. The highest discount is calculated based on the lowest traded price of HK\$3.36 (2011: HK\$3.91) on the Stock Exchange during the period from 1 January 2012 to 30 June 2012. Since the highest traded price during the six months ended 30 June 2012 was HK\$4.20, which was lower than the net asset value as at 30 June 2012, no premium of the traded price to net asset value was presented for 30 June 2012.
- (ii) Net yield per unit is calculated based on profit after tax before transactions with Unitholders per unit for the period from 1 January 2012 to 30 June 2012 over the traded price on the Stock Exchange of HK\$3.72 (2011: HK\$4.02) as at 30 June 2012.

Corporate and Investor Relations Information

BOARD OF DIRECTORS OF THE MANAGER

Executive directors

Mr Liang Ningguang (*Chairman*)

Mr Liu Yongjie

Non-executive director

Mr Li Feng

Independent non-executive directors & audit committee members

Mr Chan Chi On, Derek

Mr Lee Kwan Hung, Eddie

Mr Chan Chi Fai, Brian

Responsible Officers of the Manager

Mr Liang Ningguang

Mr Liu Yongjie

COMPANY SECRETARY OF THE MANAGER

Mr Yu Tat Fung

TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

AUDITOR OF YUEXIU REIT

PricewaterhouseCoopers

Certified Public Accountants

PRINCIPAL VALUER

Savills Valuation and Professional Services Limited

HONG KONG LEGAL ADVISOR

Baker & McKenzie



Corporate and Investor Relations Information

PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
DBS Bank Ltd, Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd
Wing Lung Bank, Limited
The Bank of East Asia, Limited
Nanyang Commercial Bank, Limited
Malayan Banking Berhad Group

WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

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

REGISTERED OFFICE OF THE MANAGER

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

UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

UNIT LISTING

Yuexiu REIT's Units are listed on:
The Stock Exchange of Hong Kong Limited
The stock code is: 405

INVESTOR RELATIONS

For further information about
Yuexiu REIT, please contact:
Mr Ha Hang Leung, Alan
Telephone: (852) 2593 2385
Facsimile: (852) 2519 6473
Email: alan.ha@yuexiu.com

MANAGER



24/F., Yue Xiu Building,
160 Lockhart Road, Wanchai, Hong Kong
香港灣仔駱克道160號越秀大廈24樓

TEL 電話 (852) 3607 1800
FAX 傳真 (852) 2519 6473