



越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

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

(Stock Code: 00405)

VISION FOR A
STEADY FORTUNE

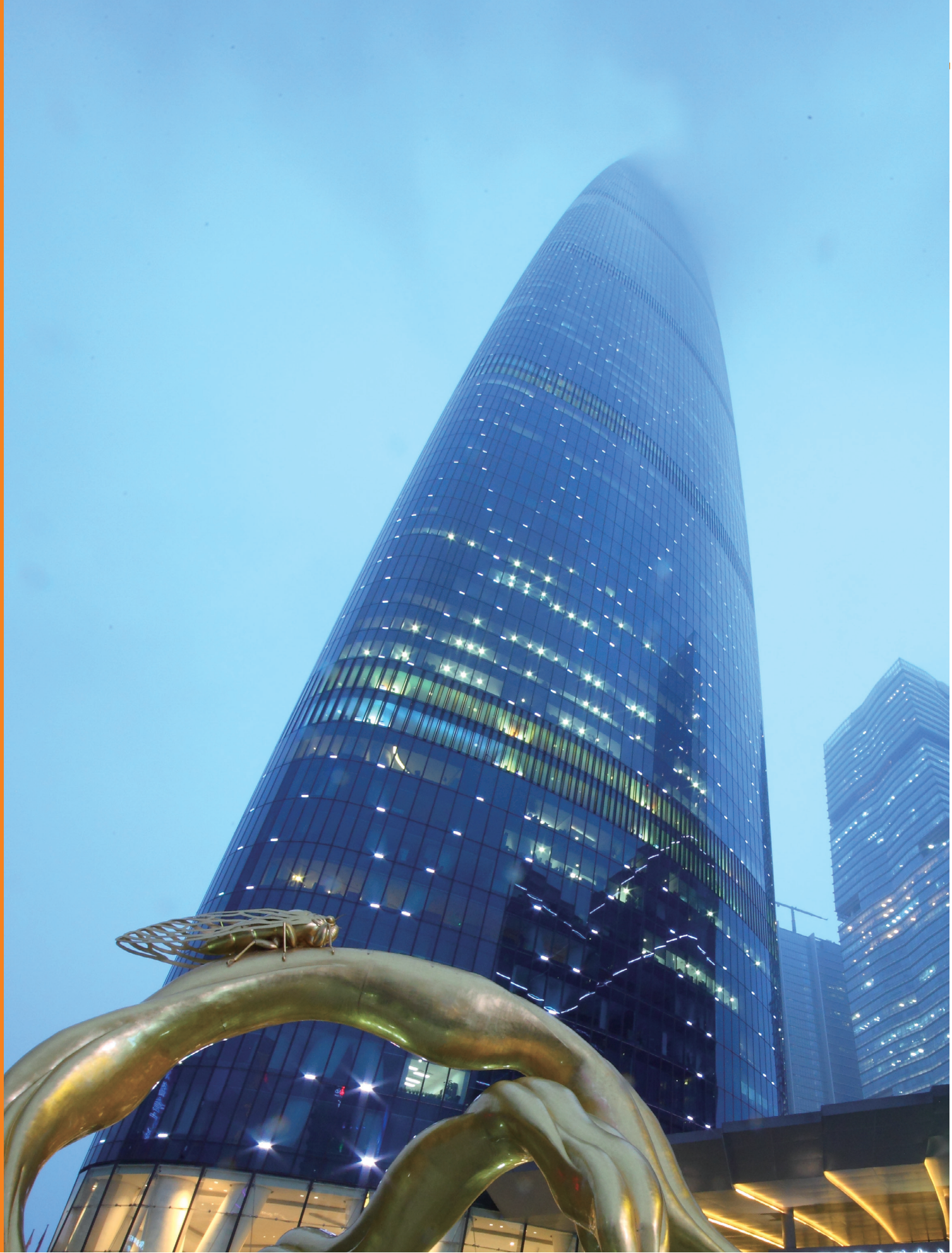
2014 Interim Report



MANAGER



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



Contents

2	Performance Summary
3	Report of the Chief Executive Officer
8	Yuexiu REIT Profile
9	Distribution
10	Management Discussion and Analysis
10	Business Review
18	Financial Review
23	Corporate Governance
26	Connected Party Transactions
39	Report on Review of Interim Financial Information
40	Interim Condensed Consolidated Statement of Comprehensive Income
42	Interim Condensed Consolidated Balance Sheet
44	Distribution Statement
46	Interim Condensed Consolidated Statement of Net Assets Attributable to Unitholders and Changes In Equity
47	Interim Condensed Consolidated Statement of Cash Flows
48	Notes to the Condensed Consolidated Interim Financial Information
77	Performance Table
78	Corporate and Investor Relations Information

Performance Summary

The following is a summary of Yuexiu REIT's financial results during the 2014 Interim Period and the 2013 Interim Period:

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

	Six months ended 30 June		Change Increase %
	2014	2013	
Gross Income	745,044,000	638,934,000	16.6%
Net property income	463,505,000	399,070,000	16.1%
Profit after tax	254,882,000	230,253,000	10.7%
Earnings per unit	0.0913	0.0839	8.8%
Distribution per unit	0.1163	0.1007	15.5%
Equivalent to HK\$	0.1464	0.1266	15.6%

	30 June		Change Increase/ (Decrease) %
	2014	31 December 2013	
Portfolio valuation	22,987,000,000	22,749,000,000	1.0%
Net assets attributable to Unitholders	12,682,368,000	12,669,468,000	0.1%
Net assets (including net assets attributable to deferred Unitholders) attributable to existing Unitholders per unit	4.55	4.58	(0.7)%

Report of the Chief Executive Officer



Chief Executive Officer
LIN DeLiang

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 2014.

Report of the Chief Executive Officer

Results and Distribution

Although the overall economy of the People's Republic of China ("PRC") was still experiencing a slowdown, Yuexiu REIT managed to achieve better results during the first half of 2014. With the premium properties in the portfolio and collaborative efforts of the entire management team of Yuexiu REIT, all key operating indicators met the attainment targets, sustaining a stable and continuous growth trend.

For the period from 1 January 2014 to 30 June 2014 ("2014 Interim Period"), Yuexiu REIT declared an interim distribution of approximately RMB324,143,000 (approximately HK\$407,723,000), as compared to the interim distribution of RMB278,547,000 (approximately HK\$350,145,000) for the same period last year. Each Unitholder will receive a distribution amount of approximately RMB0.1163 (approximately HK\$0.1464) per unit, as compared to the distribution amount of RMB0.1007 (approximately HK\$0.1266) per unit for the same period last year. Based on the closing price of HK\$3.75 per unit as at 30 June 2014, the distribution rate is approximately 3.90%.

As at 30 June 2014, Yuexiu REIT owned six properties ("Properties"), namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units ("Fortune Plaza"), City Development Plaza Units ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Yue Xiu Neo Metropolis Plaza Units ("Neo Metropolis") and Guangzhou International Finance Center ("GZIFC"), with a total rentable area of 441,297.9 sq.m, of which a total area of 412,519.62 sq.m is currently leased out. The overall occupancy rate of the Properties is 93.48%, representing an increase of 5.28% as compared to the same period last year. The occupancy rate of GZIFC was 88.75%, representing an increase of 14.62% as compared to the same period last year.

For the 2014 Interim Period, Yuexiu REIT recorded a total revenue of approximately RMB745,044,000, representing an increase of 16.6% as compared to RMB638,934,000 for the same period last year. No bad debt was recorded during the Interim Period. All of the Properties were under stable operation with persistent and steady growth.

Report of the Chief Executive Officer

Market Review

In the first half of 2014, the PRC economy slowed down under the continually deepening macroeconomic adjustment policy but the rate of slowdown was basically stable. According to the statistics released by the National Bureau of Statistics, the gross domestic product ("GDP") of the PRC for the first six months increased by 7.4% over the same period last year, with an increase of 7.4% in the first quarter and an increase of 7.5% in the second quarter. The macroeconomy already showed a stable and pickup trend.

Under the situation of a stabilizing and reviving PRC economy, Guangzhou experienced a significant rebound in its economic growth. From January to June this year, the GDP of Guangzhou was approximately RMB766.618 billion, representing an increase of 8.3%, higher than first quarter's 7.4%, and 0.9 and 0.8 percentage points higher than the national and provincial growth rates respectively. On the other hand, the growth rates of fixed asset investments, the total retail sales of social consumables and the total commodity import and export value were higher than those for the first quarter and all the economic growth momentum was reinforced.

In the first half of the year, since no new project was delivered, the overall vacancy rate in the Guangzhou Grade A office market dropped given the fact that the overall demand remained stable. However, projects which will be completed in next two years have commenced their pre-leasing in advance. Potential supply and competitive pressure are still great in the market. For retail commercial properties, the market environment remained stable, evidenced by the fact that core business districts were still preferred. Emerging business districts will remain in a nourishing stage. For commercial properties associated with garment wholesale, the Guangzhou Municipal Government issued the "Implementation Opinions on Promoting the Transformation and Upgrade of the Professional Wholesale Market" in the first half of 2014 to rectify and shut down the medium and low-end wholesale markets. As a result, market concentration was further enhanced and the market share of medium and high-end trade and exhibition type of wholesale markets continued to expand. The high-end hotel and serviced apartment market was still in a consumption stage, market supply in the region was relatively stable.

Business Operating Strategies

The operations of the original White Horse Building, Fortune Plaza, City Development Plaza and Yue Xiu Neo Metropolis Plaza sustained a steady growth trend. The phased commercial adjustment work at Victory Plaza was also successful in reaching the targets. Among them, White Horse Building stepped up efforts in transformation, upgrade, marketing and promotion to actively elevate its overall image and market competitiveness, promote a holistic e-commerce expansion and drive up overall operating revenue. Fortune Plaza and City Development Plaza introduced tenants with higher rental affordability through proactive leasing strategies and good tenants relationship. Yue Xiu Neo Metropolis Plaza also stabilized quality customer resources by deeply tapping into the potential demand for expansion by internal tenants, renewal of leases attained satisfactory results. Victory Plaza used all its best endeavors to promote the operational adjustment plan resulting in a significant improvement in its brand image.

Report of the Chief Executive Officer

GZIFC further adjusted its idea of soliciting business, augmented the number of core customers and managed to maintain the benchmark rental in the city. Besides, it also effectively enhanced customer loyalty by establishing a 6S star-diamond property service system with a steady rise in the occupancy rate. Four Seasons Hotel effectually increased the overall occupancy rate and the average room rate through multi-channel marketing and promotion. Meanwhile, flexible convention and wedding banquet marketing strategies also contributed to an increase in the hotel's operating income. Ascott Apartments occupied a leading position among its competitors in terms of total income and the average room rate through continued customer accumulation and diversified member activities, achieving good results in business performance.

Investment and Financial Strategies

During the Interim Period of 2014, the Manager continued to implement proactive and prudent investment and financial strategies, fully evaluated the market conditions and the situation of the capital market, increased the quantity of investment projects reserve, as well as cautiously considered and secured investment opportunities.

Yuxiu REIT implemented stable and risk-averting financial policies. As at 30 June 2014, the gearing ratio (total borrowings to total assets) was approximately 31.6%, which was well under the upper limit of 45% as stipulated in the REIT Code.

The Manager continued its work in maintaining a stable credit rating of the REIT. In the first half of 2014, Moody's and Standard & Poors continued to maintain an investment-grade rating of Baa2 and BBB for the REIT and restated a stable future outlook of the REIT.

Asset Enhancement Strategies

The Manager continued to implement the strategic asset enhancement plan and reviewed the property portfolio of the REIT on a regular basis to explore opportunities for asset enhancement, thereby maintaining competitive advantages and increasing returns. In the first half of 2014, the Manager had carried out the planned capital-nature renovation projects at GZIFC, City Development Plaza, White Horse Building and Victory Plaza, and put the focus on safety upgrade and renovation project at GZIFC, which substantially increased the safety and risk prevention coefficient of the super high-rise building. Meanwhile, the Manager was also committed to optimizing the tenant mix, maintaining good customer relationship and increasing business solicitation etc. to achieve a continual enhancement in the rental value and rental level of the Properties.

Report of the Chief Executive Officer

Prospects

Looking forward to the second half of 2014, the recovery in Europe and the United States is expected to propel the continuous improvement in the global economy. However, the continued scaling down of the “quantitative easing” by the US Federal Reserve, together with the expectation of a rise in interest rates will incessantly constitute a major uncertainty for the prospects of the international economy.

Although the economic growth of the PRC had slowed down to a great extent during the stage of a comprehensive deepening reform, the evidence of the stabilization of the economy was becoming increasingly apparent in the first half of the year. It is anticipated that the government will continue to introduce measures to stabilize growth in the second half of 2014. The macroeconomic monitoring policy will mainly focus on continuously enhancing the streamlining of administration and decentralization of power, and increasing the support for small and micro businesses. The financial reform will also be accelerated. The quality of the economic growth of the PRC will be healthier. The gradual stabilization of the domestic and international economy will also sustain the office leasing market in Guangzhou. It is anticipated that in the absence of new supply, the demand for leasing of Grade A offices in Guangzhou in the second half of the year will be more active than that in the first half. For retail commercial properties and properties associated with garment wholesale, since the market conditions have remained stable, medium and high-end properties in core business districts are still preferred. Emerging business districts and newly completed projects still require continuous nourishing and development. In the second half of the year, it is anticipated that there will be no entrance of new competitors in the high-end hotel market, and only an additional supply of approximately 66 rooms in serviced apartments, however, under the impact of the unfavorable policies, it is likely to create a pressure for a rising trend in the average hotel room rate and rental in serviced apartments.

However, we are cautiously optimistic in our belief that we are benefiting from the steady growth of the PRC economy, on the basis of our premium portfolio of properties coupled with the professional management team of Yuexiu REIT, we will actively get hold of potential investment opportunities through implementing proactive and prudent leasing strategies, a forward-looking early lease renewal plan and the comprehensive commencement of the expansion of the e-commerce platform, which are complemented with effective property appreciation measures, aiming at continuously generating stable returns for the Unitholders.

Appreciation

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

LIN Deliang

Chief Executive Officer

Hong Kong, 13 August 2014

Yuexiu REIT Profile

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

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

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

Distribution

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

The Manager has resolved to declare an interim distribution to Unitholders for the 2014 Interim Period of approximately RMB0.1163 which is equivalent to HK\$0.1464 (June 2013: approximately RMB0.1007 which is equivalent to HK\$0.1266) per unit. Such interim distribution per unit, however, is subject to adjustment upon the issuance of new units between 1 July 2014 and the record date. Further announcement will be made to inform Unitholders of the interim Distribution per unit for the six months ended 30 June 2014.

The 2014 interim distribution amounted to approximately RMB324,143,000 which is equivalent to HK\$407,723,000 (June 2013: approximately RMB278,547,000 which is equivalent to HK\$350,145,000).

The Manager confirms that the distribution amount is composed of profit/loss after tax before transactions with the Unitholders and additional items. The additional items of RMB362,706,000 includes certain profit elements in the capital nature of Yuexiu REIT. The total amount of capital nature items is RMB113,422,000.

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

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

Distribution Per unit

Distribution to Unitholders for the 2014 Interim Period is HK\$0.1464 (2013: HK\$0.1266) per unit, represents a yield of approximately 3.90% (2013: 2.99%) based on the closing price of HK\$3.75 per unit as at 30 June 2014 (30 June 2013: HK\$4.23). This represents an annualized distribution yield of 7.80%.

Closure of Register of Unitholders

The record date for the interim distribution will be 26 September 2014. The register of Unitholders will be closed from 26 September 2014 to 29 September 2014, during this 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 25 September 2014. The 2014 interim distribution will be paid on 28 October 2014, to the Unitholders whose names appear on the register of Unitholders on 26 September 2014.

Management Discussion and Analysis

Business Review

Stable growth in operating results

In the first half of 2014, the macro-economy of China underwent a slow growth. Yuexiu REIT continued to implement active leasing and asset management strategies, with favorable results achieved by all of its properties consistently, thereby further enhancing the competitiveness of properties and establishing a solid foundation for future income growth and long-term development of Yuexiu REIT.

Property Portfolio

As at 30 June 2014, the property portfolio of Yuexiu REIT consisted of six properties, namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units ("Fortune Plaza"), City Development Plaza Units ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Yue Xiu Neo Metropolis Plaza Units ("Neo Metropolis") and Guangzhou International Finance Center ("GZIFC"). The aggregate area of ownership was approximately 680,971.1 sq.m., total rentable area was 441,297.9 sq.m. (excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area of Neo Metropolis; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and other ancillary facilities area of GZIFC, the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

Property Valuation

According to a revaluation performed by an independent professional valuer, Savills Valuation and Professional Services Limited ("Savills") on the portfolio of properties of Yuexiu REIT, the revalued market valuation as at 30 June 2014 was approximately RMB22,987 million, representing an increase of RMB238 million or 1.0% over the valuation as at 31 December 2013.

Management Discussion and Analysis

The following table summarizes the valuation of each of the properties as at 30 June 2014 and 31 December 2013:

Name of property	Valuation as at 30 June 2014 RMB million	Valuation as at 31 December 2013 RMB million	Increase/ (decrease) %
White Horse Building	4,046	3,980	1.7%
Fortune Plaza	822	806	2.0%
City Development Plaza	686	672	2.1%
Victory Plaza	789	804	(1.9)%
Neo Metropolis	783	772	1.4%
GZIFC	15,861	15,715	0.9%
Total	22,987	22,749	1.0%

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

Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate ⁽¹⁾	Unit Rent ⁽¹⁾
							(RMB/sq.m./ month)
White Horse Building	Wholesale shopping mall	Yuexiu District	1990	50,199.3	50,128.9	99.94%	592.65
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	98.48%	139.97
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	96.65%	121.65
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	86.43%	171.81
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3 ⁽²⁾	96.80% ⁽²⁾	103.80
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.8 ⁽³⁾	90.71% ⁽³⁾	205.72
Including:	Grade A office			267,804.4	183,539.5 ⁽³⁾	88.75% ⁽³⁾	220.30
	Retail shopping mall			46,989.2	46,727.3	98.37%	146.95
	Hotel			91,460.9	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A
Total				680,971.1	441,297.9	93.48%	216.49

Note:

⁽¹⁾ As at 30 June 2014;

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

⁽³⁾ Excluding 76,512.3 sq.m. of parking space and other ancillary facilities area.

Management Discussion and Analysis

Operational Property	Type	Commencement of operation	GFA (sq.m.)	Number of Units (units)	Average Occupancy Rate	Average Rent ⁽¹⁾ (RMB/ room/night)
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	65.2%	1,757

Note:

⁽¹⁾ From 1 January 2014 to 30 June 2014.

⁽²⁾ The hotel is an entrusted operation.

Operational Property	Type	Commencement of operation	GFA (sq.m.)	Number of units (units)	Occupancy rate ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/ sq.m./month)
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	79.2%	190

Note:

⁽¹⁾ From 1 January 2014 to 30 June 2014.

⁽²⁾ The serviced apartments are entrusted operations.

Occupancy rate stayed at high level

As at 30 June 2014, the overall occupancy rate of properties was approximately 93.48%. The occupancy rate of the original five properties was 96.50%, representing a slight decrease of 1.97 percentage points as compared to 98.47% recorded in the corresponding period of the previous year, and continued to operate at a high level. Consolidated occupancy rate of GZIFC was 90.71%, of which occupancy rate of offices was 88.75% and occupancy rate of retail shopping mall was 98.37%.

Management Discussion and Analysis

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

Name of property	Occupancy rate as at 30 June 2014	Occupancy rate as at 30 June 2013	Percentage increase/ (decrease) as compared to 30 June 2013
White Horse Building	99.94%	100.00%	(0.06)%
Fortune Plaza	98.48%	99.64%	(1.16)%
City Development Plaza	96.65%	97.39%	(0.74)%
Victory Plaza	86.43%	95.87%	(9.44)%
Neo Metropolis	96.80%	98.31%	(1.51)%
Sub-total of original projects	96.50%	98.47%	(1.97)%
GZIFC offices	88.75%	74.13%	14.62%
GZIFC shopping mall	98.37%	97.03%	1.34%
Total	93.48%	88.20%	5.28%

Revenue continued to increase

During the Interim Period of 2014, the properties of Yuexiu REIT realized total revenue of approximately RMB745 million, representing a 16.6% increase as compared to the corresponding period year-on-year. Of which, the percentage of total revenue contributed by White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis and GZIFC was approximately 23.9%, 4.6%, 4.0%, 3.0%, 4.1% and 60.4% respectively.

No bad debt was recorded during the Interim Period.

Management Discussion and Analysis

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

Name of property	Revenue for 2014 Interim Period RMB million	Revenue for 2013 Interim Period RMB million	Increase as compared to 2013 Interim Period RMB million	Increase in revenue from properties %
White Horse Building	177.7	167.5	10.2	6.1%
Fortune Plaza	34.1	34.0	0.1	0.3%
City Development Plaza	29.7	27.6	2.1	7.6%
Victory Plaza	22.5	16.2	6.3	38.9%
Neo Metropolis	31.0	29.6	1.4	4.7%
Sub-total of original projects	295.0	274.9	20.1	7.3%
GZIFC	450.0	364.0	86.0	23.6%
Total	745.0	638.9	106.1	16.6%

White Horse Building — continued to transform and upgrade, consolidated competitive edge in the market

The Manager fully leveraged on the opportunity of lease expiry of the 1st floor at White Horse Building to refurbish and renovate certain areas, increased the supply of large-area shops by merging the passages to transform the 1st floor into a mid-to-high-end ladies fashion area. After the renovation, the rents of the shops increased by 18%, the quality of customers optimized, while the overall image and market competitiveness of the property were significantly enhanced. Meanwhile, the Manager conducted an overall research on market operation, tenancy renewal was carried out on the basis of maintaining a certain growth in rental, resulting in a steady rise in rental value of the property. In addition, the Manager continued to implement innovative marketing by participating for the first time in the 2014 Beijing Fashion Fair and organizing the national tour of the White Horse brand in Kunming, aiming at continuously expanding the brand influence of the White Horse Building. The Manager also adopted a new marketing mode in business operation, endeavoring to establish a O2O e-commerce integrated service platform for White Horse and obtained the qualification acting as a core service provider for supply and marketing platform of famous networks, which laid a foundation for ongoing consolidation of the leading position of the White Horse.

Management Discussion and Analysis

Fortune Plaza — solicited business proactively, stabilized quality customers

In the first half of the year, under the impact of contraction in market demand, there were increased difficulties for Fortune Plaza to solicit new business. With sufficient resources in customer reserve, the Manager proactively strove for maintaining the occupancy rate of the project at a high level of over 98%, while the rents of new leases remained an increase of over 15%. The Manager also renewed contracts with prestigious enterprises such as Citibank and IDP Education through implementation of active customer management strategies to effectively stabilize quality customers. Furthermore, benefiting from the innovation in customer value-added services implemented by the Manager, such as incorporating hotel services into property services, customer satisfaction was continually improved and customer loyalty was substantially enhanced.

City Development Plaza — tenancy performed well with a new record high in rental

In the first half of the year, the Manager adopted a focus on strengthening the control over the operation dynamics of the City Development Plaza. It organized visits to and evaluation on key customers, and targeted on potentially risky customers by soliciting and building customers reserve. The Manager was also committed to conducting effective integration of internal customer resources and optimization of shop structure. The Manager successfully brought in Taipei leisure food and beverages featuring western-styled pastry, while renewing contracts with customers such as Ping An Bank and Guangdong Jiaduobao, resulting in diversifying the operation of the podium and improved the ancillary facilities of the Plaza. The Plaza recorded a historical high of RMB121.65 per sq.m. in its interim rental and made phased breakthroughs in rental value of the property.

Neo Metropolis — a significant uplift in renewed rental by flexibly adjusting leasing strategies

In the first half of the year, influenced by the slowdown of the macro-economy, there were increased changes in the tenants of the Neo Metropolis. The Manager successfully completed tenancy adjustment as a result of merging a number of units by proactively adopting flexible leasing policies, as well as making use of the relocation of low-rental customers to meet the demands of quality customers for enlarged leasing area. In addition, benefiting from the effective policies on customer relationship management and a stronger tenancy bargaining power of the Manager, it achieved an outstanding result by recording an approximately 10% growth in the rental of expiring lease renewals, indicating a steady increase in rental value. The Manager also continued to track potentially risky customers and replenished reserve resources with quality customers, improved the quality of customer services and maintained operation with a high occupancy rate.

Management Discussion and Analysis

Victory Plaza — steadily promoted commercial adjustments to realize value enhancement

In the first half of the year, the first “flagship shop” of UNIQLO (an anchor tenant of the Victory Plaza) in South China opened as scheduled, which laid a foundation for the overall commercial adjustments of the Victory Plaza. Affected by the corresponding adjustments, the occupancy rate fell slightly in the first half of the year. However, the Manager successfully brought in some famous brands such as Adidas and Swatch by implementing active business solicitation policies, and successfully completing tenants adjustment for the 1st floor, thereby optimizing the brand portfolio of the 1st floor. In the second half of the year, the Manager will continue to secure the positioning of “Fashion Shopping Center” of the mall, carry out business adjustment and optimize the brand structure for the second floor and the fifth floor, in order to accomplish a steady growth in market competitiveness and long-term appreciation ability of the project.

Guangzhou International Finance Center — fully integrated project resources to achieve steady growth in operation results

In the first half of the year, under various pressures such as high vacancy rate and a downward trend of rental of Grade A office buildings in Zhujiang New Town; on the basis of an excellent solicitation team, further refinement of leasing strategies and effective customer relationship management, Guangzhou International Finance Center performed well in tenancy. The Manager successfully introduced a number of quality customers through integration of project resources and implementation of flexible leasing strategies, and took advantage of the effect of “star enterprises” by attracting official visits and entrance of famous enterprises, realizing the optimization of tenant structure while securing a steady growth in occupancy rate. The Manager formulated refined renewal strategies, established multi-dimensional customer appraisal standards and signed long-term leases with quality customers to ensure renewal rate, achieved an increase in unit renewal price as well as substantially avoiding the impacts from the surrounding new projects. The Manager also focused on raising service experience and developing a 6S star service system as well as a “landmark high-rise building security management” system, so as to further enhance the core competitiveness of the project. The Manager also effectively enhanced customer loyalty and safeguarded project operations through innovating marketing mode, establishing social platforms such as WeChat, as well as holding interactive activities online and offline.

In the first half of the year, the supply in hotel and apartment market remained relatively stable in Guangzhou, the market mainly concentrated in stock consumption with no entrance of new competitors. Guangzhou Four Seasons Hotel effectively increased its hotel operating income with more flexible convention and wedding menu. Meanwhile, more favorable and effectual promotional policies were timely introduced during various exhibitions held in Guangzhou, contributing to a reasonable growth in occupancy rate. Although the average room rate was slightly declined, there was an increase of Revenue Per Available Room (“RevPAR”) by approximately 18%. Ascott Serviced Apartments implemented active customer management policies, devoted greater efforts in promoting business customer membership program and global booking networks, thereby enabling effective growth in the occupancy rate, rental income during 2014 Interim Period increased approximately by 21% as compared to the second half of 2013. Meanwhile, it recorded a satisfactory result in total revenue and average room rate of the serviced apartments through various social gatherings of target business customers as well as diversified customer activities.

Management Discussion and Analysis

Pursuing active progress in asset enhancement projects, realization of maintaining and enhancing property values

In the first half of the year, various asset enhancement works had been completed, including improvement work on the layout of units in the office building at GZIFC, safety upgrade and renovation of oil depot in the generator room at GZIFC, installation of low-voltage switch gear with under-voltage delay devices at GZIFC, renovation work of installing additional video surveillance devices for the parking lot at GZIFC, replacement of fan coils at White Horse Building, renovation of the public areas of City Development Plaza, installation of additional air conditioners and replacement of cooling tubes at Fortune Plaza amounting to a total renovation cost of approximately RMB19 million, all of which improved effectively the business environment of the properties.

In the second half of the year, the Manager will focus on implementing asset upgrade works, such as renovation work in adjusting the electrical load in the podium at Victory Plaza, refurbishment and renovation work of the rentable space at Victory Plaza, replacement work of hydraulic elevators at City Development Plaza, so as to further enhance the operation efficiency and business environment of the properties.

Solidly executing rating maintenance and keeping investment-class rating

The Manager continuously maintains the credit ratings of Yuexiu REIT through establishment of early rating warning indicator system and enhances communication with rating agencies. In the first half of the year, Moody's and Standard & Poor's kept Baa2 and BBB investment-class ratings for Yuexiu REIT in their updated rating reports, and restated that Yuexiu REIT would have a steady prospect.

Continuously optimizing the debt structure and reducing the finance cost

In the first half of the year, the Manager repaid domestic loan of approximately RMB345 million through its own funds and internal arrangement, and the percentage of domestic loan decreased from 47% to 43%. The Manager also successfully withdrew a syndicated loan of HKD200 million, and the average finance cost decreased from 4.77% in the beginning of the year to 4.57%. The debt structure of Yuexiu REIT is further optimized and the overall finance cost continues to drop.

Management Discussion and Analysis

Financial Review

Financial Results

Both rental income and net property income were higher than the Interim Period of 2013. The following is a summary of Yuexiu REIT's financial results during the 2014 Interim Period:

	Six months ended 30 June		Increase/ (decrease) %
	2014 Unaudited RMB'000	2013 Unaudited RMB'000	
Gross income	745,044	638,934	16.6%
Hotel and serviced apartments direct expenses	(141,586)	(116,859)	21.2%
Leasing agents' fee	(15,913)	(14,271)	11.5%
Property related taxes (Note 1)	(120,401)	(105,258)	14.4%
Other property expenses (Note 2)	(3,639)	(3,476)	4.7%
Total property operating expenses	(281,539)	(239,864)	17.4%
Net property income	463,505	399,070	16.1%
Withholding tax	(27,034)	(24,719)	9.4%
Depreciation and amortization	(74,427)	(71,359)	4.3%
Manager's fees	(49,731)	(44,921)	10.7%
Trustee's fees	(3,682)	(3,731)	(1.3)%
Other trust expenses (Note 3)	(12,897)	(9,075)	42.1%
Total non-property operating expenses	(167,771)	(153,805)	9.1%
Profit before finance cost, finance income and tax	295,734	245,265	20.6%
Finance income	48,442	138,937	(65.1)%
Finance cost	(221,505)	(237,902)	(6.9)%
Profit before tax	122,671	146,300	(16.2)%
Income tax expenses	(79,712)	(82,745)	(3.7)%
Net profit after tax before fair value gain on investment properties	42,959	63,555	(32.4)%
Fair value gain on investment properties	211,923	166,698	27.1%
Net profit after tax before transactions with Unitholders	254,882	230,253	10.7%

Management Discussion and Analysis

Note 1: Property related taxes includes real estate tax, land use right tax, business tax, flood prevention fee, 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 and retails and hotel and serviced apartments. The following table shows an analysis of gross income:

<i>(RMB'000)</i>	Six months ended 30 June	
	2014	2013
Office	309,154	273,789
Wholesales	177,721	167,551
Retails	56,830	58,472
Hotel and serviced apartments	201,339	139,122
Total	745,044	638,934

Net property income amounted to approximately RMB463,505,000 (2013: RMB399,070,000), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property operating expenses, representing approximately 62.2% of total gross income. The table below sets out an analysis of net property income:

<i>(RMB'000)</i>	Six months ended 30 June	
	2014	2013
Office	240,992	212,119
Wholesales	140,064	132,416
Retails	45,240	47,193
Hotel and serviced apartments	37,209	7,342
Total	463,505	399,070

Hotel and serviced apartments direct expenses were RMB141,586,000, an increase of 21.2% as compared with the 2013 Interim Period. It was mainly because of an increase of 44.7% in operating revenue.

Leasing agents' fee increased by approximately 11.5% as compared with the 2013 Interim Period. It was mainly because of the increase in rental income of office and wholesales.

Management Discussion and Analysis

Property related tax increased by approximately 14.4% as compared with the 2013 Interim Period. It was mainly because of an increase of tax resulting from an increase of rental income.

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

As Renminbi depreciated against Hong Kong Dollar at the end of the 2014 Interim Period, the bank borrowings denominated in Hong Kong Dollar and secured note loans denominated in United States Dollar resulted in an exchange loss of approximately RMB40,245,000. Excluding this adjustment factor, the finance cost actually incurred for the current period amounted to approximately RMB181,260,000 (2013: RMB237,902,000).

Profit after tax before transactions with Unitholders amounted to approximately RMB254,882,000 (2013: RMB230,253,000), which represented an increase of 10.7%, mainly due to the gain on property revaluation of approximately RMB211,923,000 for the 2014 Interim Period, higher than that of approximately RMB166,698,000 for the same period of last year.

Top-up Payment

Top-up Payment for the 2014 Interim Period is approximately RMB66,178,000. Yuexiu Property shall pay the said amount within 7 business days after the announcement of Yuexiu REIT's interim results for the 2014 Interim Period. Please refer to the Offering Circular dated 30 June 2012 for details.

New Units Issued and Unit Activity

In respect of the full settlement of Manager's fee during the relevant period, Yuexiu REIT issued 18,295,934 new units at HK\$3.764 on 28 March 2014. As at 30 June 2014, a total of 2,784,994,264 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$3.90 and a low of HK\$3.59 during the 2014 Interim Period. The average trading volume amounted to approximately 3,319,000 Units per day during the 2014 Interim Period (2013: 7,830,285 Units).

Net Asset Value

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2014 was approximately RMB4.55 (31 December 2013: RMB4.58).

Management Discussion and Analysis

Capital Structure

Due to the acquisition of GZIFC, the secured loan of approximately RMB4,500,000,000 was transferred under the name of Yuexiu REIT and part of the bank loan, amounting to RMB1,165,000,000 had already been repaid as of 30 June 2014.

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

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

On 30 July 2014, Yuexiu REIT, through its SPVs, entered into a loan agreement with certain banks in connection with a three-year fixed-term floating rate loan of HK\$600,000,000 which bears interest at HIBOR plus 1.83% per annum.

As at 30 June 2014, total borrowings of Yuexiu REIT amounted to approximately RMB7,703,908,000 which represents approximately 31.6% 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 2014, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB11,644,428,000, representing approximately 47.7% of total assets of Yuexiu REIT.

Cash Position

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2014 amounted to approximately RMB526,652,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

The Manager has adopted a prudent and stable 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 2014 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 2014 Interim Report

The interim report of Yuexiu REIT for the six months ended 30 June 2014 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2014.

Management Discussion and Analysis

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 2014 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 2014 Interim Period.

Employees

As at 30 June 2014, Yuexiu REIT employed 655 and 131 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 of hotel and serviced apartments.

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

Foreign Account Tax Compliance Act (“FATCA”)

Hong Kong and the United States (“U.S.”) have substantially concluded discussions and agreed in substance on a Model 2 inter-governmental agreement (“IGA”) that will facilitate compliance with the U.S. FATCA by financial institutions in Hong Kong. Under the IGA, Hong Kong Financial Institutions will need to register with the US Internal Revenue Service (“IRS”). Hong Kong and the US are expected to sign a Model 2 IGA later this year.

As Yuexiu REIT is recognised as a financial institution, the Manager, in the capacity of its Sponsoring Entity, had registered it with the US IRS on 26 June 2014 and the registration was approved on 27 June 2014.

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 to evaluate the performance of the Manager, and consequently sustains the success of Yuexiu REIT which it manages.

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

During the 2014 Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of Yuexiu REIT.

Authorisation Structure

Yuexiu REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. The Manager has three persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and Rule 5.4 of the REIT Code, and Mr. Liu Yongjie and Mr. Lin Deliang, the Executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Kwan Chi Fai has been approved to be a Responsible Officer with effect from 9 July, 2014.

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

Roles Of The Trustee And Manager

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

Functions Of The Board

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

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

Corporate Governance

Board Committees

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

The committees of the Board are as follows:

Audit Committee

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

Finance And Investment Committee

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

Disclosure Committee

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

Corporate Governance

Remuneration And Nomination Committee

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

Conflict Of Interest

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

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

Public Float

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

Connected Party Transactions

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

The Manager and Significant Holder Group

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

Leasing Transactions

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

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

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2014
									Interim Period (RMB)
Neo Metropolis									
Guangzhou White Horse Clothings Market Ltd	Basement 2, 3/F	an associate of the Manager	7,621.03	1 Jan 2013	100,000	13	0	3	600,000
Sub-total:									600,000

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2014
									Interim Period (RMB)
Fortune Plaza									
廣州越秀小額貸款有限公司	Podium 303	an associate of the Manager	501.05	1 Apr 2013	55,116	110	61	4	329,141
Xingye	East Tower 808	an associate of the Manager	188.80	1 Apr 2013	26,432	140	0	2	158,592
Sub-total:									487,733

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2014
				commencement/ renewal date					Interim Period (RMB)
GZIFC									
Guangzhou Yuexiu Holdings Limited	0601-A	an associate of the Manager	489.11	1 Jan 2013	97,334	199	0	3	604,062
Guangzhou Grandcity Development Ltd.	0601-G, H	an associate of the Manager	1,612.66	1 Jan 2013	320,918	199	0	3	1,991,635
GCCD	1501, 1601	an associate of the Manager	6,297.82	1 Jan 2013	1,391,818	221	0	3	8,732,969
GCCD	5801-A, 04, 05, 06, 07	an associate of the Manager	2,076.80	1 Jun 2013	535,814	258	0	3	3,347,485
Guangzhou Yuexiu Holdings Limited	5801-B, 02, 03	an associate of the Manager	1,384.53	1 Jun 2013	357,209	258	0	3	2,231,650
Guangzhou Yuexiu Holdings Limited	6401, 6501	an associate of the Manager	6,509.02	1 Jan 2013	2,089,396	321	0	3	13,122,138
GCCD	0440-E, F	an associate of the Manager	1,112.51	1 Jan 2014	196,914	177	0	1	1,171,772
Guangzhou Yuexiu Holdings Limited	0440-H	an associate of the Manager	476.79	1 Jan 2014	84,392	177	0	1	502,190
Guangzhou Guang Zheng Hang Seng Reserch Co., Ltd. (廣州廣證恒生證券研究所有限公司)	6301-C	an associate of the Manager	724.35	1 Jun 2012	231,792	320	0	3	1,397,371
Guangzhou Grandcity Development Ltd.	1101, 1401	an associate of the Manager	6,062.80	1 Jan 2013	1,339,878	221	0	3	8,407,066
Guangzhou Suiqiao Development Co. Ltd. (廣州穗橋發展有限公司)	1701-D	an associate of the Manager	201.17	1 Jan 2012	46,470	231	0	3	280,145
Guangzhou Yuexiu Asset Management Company Limited ("GZAM")	0601-E	an associate of the Manager	46.25	1 Jul 2013	9,204	199	0	1.5	55,489
GZAM	0601-D	an associate of the Manager	138.72	1 Sep 2013	27,605	199	0	3	166,428
GZAM	1701-E	an associate of the Manager	856.70	1 April 2013	196,184	229	0	1.5	1,199,301
GZAM	0440-D	an associate of the Manager	193.62	1 April 2014	34,270	177	0	1	203,929
Guangzhou Yue Peng Information Ltd. (廣州越聯信息有限公司)	1701-C	an associate of the Manager	267.09	1 Jan 2012	61,698	231	0	3	371,946
Guangzhou Yue Tong Expressway Operations and Management Company Limited (廣州越通公路運營管理有限公司)	1701-B	an associate of the Manager	261.52	1 Jan 2012	60,411	231	0	3	364,186
Yuexiu (China) Transport Infrastructure Investment Company Limited	0440-A	an associate of the Manager	184.94	1 Jan 2014	32,734	177	0	1	194,790
Guangzhou Yuexiu Industrial Investment Management Co., Ltd. (廣州越秀產業投資管理有限公司)	6301-A, E	an associate of the Manager	695.58	1 Jan 2012	222,907	320	0	3	1,320,051
Guangzhou Yuexiu Industrial Investment Management Co., Ltd. (廣州越秀產業投資管理有限公司)	0440-C	an associate of the Manager	72.24	1 Jan 2014	12,787	177	0	1	76,091

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 2014 Interim Period (RMB)
廣州越秀金融家俱樂部有限公司	the 27th and 28th floors, North Tower of the annex building	an associate of the Manager	1,865.17	25 Feb 2012	466,293	250	0	3	2,794,408
Guangzhou Yuexiu Financial Holdings Group Co., Ltd (廣州越秀金融控股集團有限公司)	0601-B	an associate of the Manager	225.09	1 Jan 2012	44,793	199	0	3	270,054
Guangzhou Yuexiu Financial Holdings Group Co., Ltd (廣州越秀金融控股集團有限公司)	6301-B	an associate of the Manager	930.54	1 Jan 2012	297,771	320	0	3	1,763,400
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團有限公司)	0440-B	an associate of the Manager	92.47	1 Jan 2014	16,367	177	0	1	97,394
Guangzhou Yuexiu Financial Leasing Co., Ltd. (廣州越秀融資租賃有限公司)(“GZYFL”)	6301-D, F	an associate of the Manager	860.73	1 Jun 2013	275,434	320	0	3	1,707,498
GZAM	3801-3803	an associate of the Manager	842.52	1 Nov 2012	197,992	235	0	2	1,178,189
GZYFL	5604	an associate of the Manager	533.50	15 Jul 2013	137,643	258	0	2	819,070
廣州證券有限責任公司	0601-C	an associate of the Manager	245.03	1 Jan 2012	48,761	199	0	3	293,975
廣州證券有限責任公司	1901, 2001	an associate of the Manager	6,406.78	1 Jan 2012	1,512,000	236	0	3	9,184,145
廣州證券有限責任公司	0440-G	an associate of the Manager	392.99	1 Jan 2014	69,560	177	0	1	413,929
Yuexiu (China) Transport Infrastructure Investment Company Limited	0601-F	an associate of the Manager	125.44	1 Jan 2012	24,963	199	0	3	150,498
Yuexiu (China) Transport Infrastructure Investment Company Limited	1701-A	an associate of the Manager	1,586.47	1 Jan 2012	366,475	231	0	3	2,209,282
GCCD	1001-1012	an associate of the Manager	2,972.84	1 Jun 2013	594,572	200	0	3	3,593,798
北京仲量聯行物業管理服務有限公司 (Guangzhou Branch)	2403	an associate of the Manager	534.80	16 Jan 2013	112,308	210	0	3	619,036
GZYFL	0440-I	an associate of the Manager	130.03	1 Jan 2014	23,015	177	0	1	136,955
Guangzhou Guang Zheng Hang Seng Reserch Co., Ltd. (廣州廣證恒生證券研究所有限公司)	0440-J	an associate of the Manager	43.34	1 Jan 2014	7,672	177	0	1	45,654
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. (“GZYXJLL”)	Carpark	an associate of the Manager	71,082.79	1 Jul 2013	1,187,000	17	0	1	7,122,000
Guangzhou Yuexiu Financial Holdings Group Co., Ltd (廣州越秀金融控股集團有限公司)	3601	an associate of the Manager	283.16	1 Apr 2014	71,356	252	0	1.25	206,479
									Sub-total: 78,346,458
									Total: 85,648,299

Connected Party Transactions

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 2014 Interim Period (RMB)
Guangzhou White Horse Property Management Co., Ltd. ("White Horse PM")	an associate of the Manager	White Horse Building	1 Jan 2014	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Fortune Plaza	1 Jan 2014	Property Management Agreement	N/A
Yicheng	an associate of the Manager	City Development Plaza	19 July 2013	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Neo Metropolis	1 Jan 2014	Property Management Agreement	N/A
GZYLJLL	an associate of the Manager	GZIFC	1 Sep 2009	Property Management Agreement	N/A

Connected Party Transactions

Tenancy Services Agreements

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

Service provider	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of Transaction	Amount paid/ payable for 2014 Interim Period (RMB)
White Horse PM	an associate of the Manager	White Horse Building	15 Aug 2013	Tenancy Services Agreement	5,332,000
Yicheng	an associate of the Manager	Fortune Plaza	15 Aug 2013	Tenancy Services Agreement	1,356,000
Yicheng	an associate of the Manager	City Development Plaza	15 Aug 2013	Tenancy Services Agreement	1,187,000
Yicheng	an associate of the Manager	Victory Plaza	15 Aug 2013	Tenancy Services Agreement	901,000
Yicheng	an associate of the Manager	Neo Metropolis and Fortune Plaza 1701	15 Aug 2013	Tenancy Services Agreement	1,248,000
GZAM	an associate of the Manager	GZIFC	8 Oct 2012	Tenancy Services Agreement	5,889,000

Trade Mark Licence Agreements

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

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2014 Interim Period (RMB)	Licence Period
White Horse PM	an associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	1 January 2007 to 27 November 2016 and 30 January 2017
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	an associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

Connected Party Transactions

Naming Rights Agreement

The following table sets forth information for the period in relation to the naming rights granted by Yuexiu REIT to the connected parties:

Naming Party	Relationship with YuexiuREIT	Property	Nature of Transaction	Amount paid/ payable for 2014 Interim Period (RMB)	Naming Rights Period
YXP	Major Unitholder	GZIFC	Naming Rights	10,000,000	1 July 2012 to 31 December 2014

Construction Settlement Agency Agreement

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

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Prepaid Construction Payable for 2014 Interim Period (RMB)	Nature of Transaction	Amount received/ receivable for 2014 Interim Period (RMB)
GCCD	an associate of the Manager	4 May 2012	571,404,000	Interest on the balance of construction payable	27,749,000

Guarantee from Founding Shareholders

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

Connected Party Transactions

Waiver from Strict Compliance

A waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of the existing leasing transactions of Yuexiu REIT, the existing property management arrangement and the tenancy services agreement of the existing properties, together with the new leasing transaction, the new property management arrangement and the new tenancy services agreement, as mentioned above, between the Group and persons which are connected with Yuexiu REIT as a result of their connection with the Manager has been granted by the SFC on 20 July 2012, 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 30 June 2012.

HSBC Group*

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

Corporate Finance Transactions and Ordinary Banking Services

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

Nature of transaction	Date of agreement	Principal amount	Amount of fees paid/payable within the 2014 Interim Period	Amount of interest paid/payable within the 2014 Interim Period
Loan ⁽¹⁾	13 December 2013	HK\$350,000,000	RMB691,000	RMB2,697,000

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

GZI REIT (Holding) 2005 Company Limited, Partat, Keen Ocean, Full Estates, Moon King, Metrogold Development Ltd ("Metrogold"), Ever Joint Investment International Limited ("Ever Joint"), Long Grace Holdings Limited ("Long Grace"), Profit Link Investment International Limited ("Profit Link"), San Bright Holdings Limited ("San Bright") and Yuexiu REIT MTN Company Limited have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the 2014 interim period.

Waiver from Strict Compliance

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

Connected Party Transactions

Confirmation 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 or other connected transaction (save for those disclosed above) with the HSBC Group during the 2014 Interim Period.

Manager's Fees

During the 2014 Interim Period, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB49,731,000, 95% of which was settled by the issuance of new Units, and 5% was settled in cash.

Trustee's Fees

During the 2014 Interim Period, the aggregate amount of fees paid/payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB3,682,000.

Connected Party Transactions

Principal Valuer's Fees

During the 2014 Interim Period, the aggregate amount of fees paid/payable by Yuexiu REIT to the Principal Valuer was RMB396,000.

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 Officer of the Manager.

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

Interests and Short Positions in the Units:

Name of Director	Nature of Interest	As at 1 January 2014		As at 30 June 2014		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Liu Yongjie	—	Nil	—	Nil	—	—
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Mr. Li Feng	—	1,825	0.000066%	1,825	0.000066%	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Lee Kwan Hung, Eddie	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—

Connected Party Transactions

Holdings of Significant Holders

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

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2014		As at 30 June 2014		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Guangzhou Yuexiu Holdings Limited ("GZYX") ⁽¹⁾	Deemed	1,729,875,904 ⁽³⁾	62.52%	1,748,171,838 ⁽³⁾	62.77% ⁽⁴⁾	0.25%
	Total	1,729,875,904 ⁽³⁾	62.52%	1,748,171,838 ⁽³⁾	62.77% ⁽⁴⁾	0.25%
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Beneficial	27,320	—	27,320	—	—
	Deemed	1,729,848,584 ⁽³⁾	62.52%	1,748,144,518 ⁽³⁾	62.77% ⁽⁴⁾	0.25%
	Total	1,729,875,904 ⁽³⁾	62.52%	1,748,171,838 ⁽³⁾	62.77% ⁽⁴⁾	0.25%
YXP ⁽²⁾	Beneficial	—	—	—	—	—
	Deemed	1,720,614,319 ⁽³⁾	62.19%	1,738,910,253 ⁽³⁾	62.44% ⁽⁴⁾	0.25%
	Total	1,720,614,319 ⁽³⁾	62.19%	1,738,910,253 ⁽³⁾	62.44% ⁽⁴⁾	0.25%
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	1,697,125,730 ⁽³⁾	61.34%	1,697,125,730 ⁽³⁾	60.94% ⁽⁴⁾	(0.4%)
	Deemed	—	—	—	—	—
	Total	1,697,125,730 ⁽³⁾	61.34%	1,697,125,730 ⁽³⁾	60.94% ⁽⁴⁾	(0.4%)
Yuexiu International Investment Limited ("YXII")	Beneficial	23,488,589	0.85%	41,784,523	1.5%	0.65%
	Deemed	—	—	—	—	—
	Total	23,488,589	0.85%	41,784,523	1.5%	0.65%

Connected Party Transactions

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

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYZ	100.00	Y	27,320	—
	GZYZ	100.00	N	1,748,144,518 ⁽³⁾	—
Excellence Enterprises Co., Ltd.	Yue Xiu	100.00	N	1,746,845,288 ⁽³⁾	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	N	1,738,910,253 ⁽³⁾	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	Y	5,698,282	—
YXP	Bosworth International Limited	33.90	N	1,738,910,253 ⁽³⁾	—
Dragon Yield	YXP	100.00	Y	1,697,125,730 ⁽³⁾	—
Sun Peak Enterprises Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	1,414,207	—
Novena Pacific Limited	Sun Peak Enterprises Ltd.	100.00	Y	1,414,207	—
Shine Wah Worldwide Limited	Excellence Enterprises Co., Ltd.	100.00	N	395,122	—
Morrison Pacific Limited	Shine Wah Worldwide Limited	100.00	Y	395,122	—
Perfect Goal Development Co., Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	339,342	—
Greenwood Pacific Limited	Perfect Goal Development Co., Ltd.	100.00	Y	339,342	—
Seaport Development Limited	Excellence Enterprises Co., Ltd.	100.00	N	88,082	—
Goldstock International Limited	Seaport Development Limited	100.00	Y	88,082	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,299,230	—
YXII	YXP	100.00	Y	41,784,523	—

(2) The deemed interest in 1,738,910,253 Units were held through Dragon Yield and YXII, both are 100% owned subsidiaries of YXP.

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

(4) After deducting the unissued deferred units, the approximate interest held by GZYZ and Yue Xiu will be approximately 36.44%, while the approximate interest in Yuexiu REIT held by YXP, Dragon Yield and YXII will be approximately 36.11%.

Connected Party Transactions

Holdings of Senior Executives of the Manager

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

Name of Senior Executive	Nature of interest	As at 1 January 2014		As at 30 June 2014		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Cheng Jiuzhou	Personal	480	0.000017%	480	0.000017%	—
Mr. Liao Ningjun	Personal	1,250	0.000045%	1,250	0.000045%	—
Ms. Chen Huiqing	Personal ⁽¹⁾	510	0.000018%	510	0.000018%	—
Ms. Ou Haijing	Personal	1,000	0.000036%	1,000	0.000036%	—
Mr. Liu Bihong	Personal	225	0.000008%	225	0.000008%	—

⁽¹⁾ 255 units held by spouse

Holdings of Other Connected Person

Name	Nature of interest	As at 1 January 2014		As at 30 June 2014		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Trustee	Deemed ⁽¹⁾	—	—	442,100	0.0015%	0.0015%

⁽¹⁾ Associated company of the trustee (as defined in the REIT Code) were beneficially interested in such units as at 30 June 2014.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Savills holding any Units as at 30 June 2014.

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF YUEXIU REIT ASSET MANAGEMENT LIMITED

(AS THE "MANAGER" of YUEXIU REAL ESTATE INVESTMENT TRUST)

INTRODUCTION

We have reviewed the interim financial information set out on pages 40 to 76, 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 2014 and the related interim condensed consolidated statement of comprehensive income, distribution statement, interim condensed consolidated statement of net assets attributable to unitholders and changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Manager are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

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, 13 August 2014

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June	
		2014 RMB'000	2013 RMB'000
Revenue	6	745,044	638,934
Operating expenses	7	(449,310)	(393,669)
Fair value gains on investment properties	14	211,923	166,698
Finance income	9	48,442	138,937
Finance expenses	10	(221,505)	(237,902)
Profit before income tax and transactions with unitholders		334,594	312,998
Income tax expense	11	(79,712)	(82,745)
Profit after income tax before transactions with unitholders		254,882	230,253
Transactions with unitholders		(278,356)	(243,021)
Loss after income tax after transactions with unitholders		(23,474)	(12,768)
Other comprehensive income for the period			
<u>Items that may be reclassified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
– Gross		34,722	16,700
– Tax		(9,713)	(4,675)
Other comprehensive income for the period, net of tax		25,009	12,025
Total comprehensive income/(loss) for the period		1,535	(743)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Attributable to				Total RMB'000
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (Note 25) RMB'000	Unitholders after transactions with unitholders RMB'000	Non- controlling interests RMB'000	
Profit/(loss) for the period ended 30 June 2013	231,173	(243,021)	(11,848)	(920)	(12,768)
Other comprehensive income:					
<u>Items that may be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	11,848	—	11,848	177	12,025
Total comprehensive income/(loss) for the period ended 30 June 2013	243,021	(243,021)	—	(743)	(743)
Profit/(loss) for the period ended 30 June 2014	253,607	(278,356)	(24,749)	1,275	(23,474)
Other comprehensive income:					
<u>Items that may be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	24,749	—	24,749	260	25,009
Total comprehensive income/(loss) for the period ended 30 June 2014	278,356	(278,356)	—	1,535	1,535

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 expenses which are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders' funds are disclosed in the consolidated balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement.
- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders to unitholders and the average number of units in issue, is presented in Note 26.

The notes on pages 48 to 76 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2014

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	12	2,327,278	2,342,284
Land use rights	13	1,601,752	1,626,394
Investment properties	14	18,824,000	18,605,000
Deferred assets	15	143,442	142,487
Goodwill	16	160,324	160,324
Top-up payment asset, non-current portion	17	61,296	109,959
		23,118,092	22,986,448
Current assets			
Inventories		3,523	3,607
Trade receivables	18	14,298	10,971
Amount due from a related company	27	598,426	766,523
Tax recoverable		1,431	1,360
Prepayments, deposits and other receivables	19	31,033	27,001
Top-up payment asset, current portion	17	118,178	113,844
Short-term bank deposits	20	15,076	—
Cash and cash equivalents	20	511,576	639,786
		1,293,541	1,563,092
Total assets			
		24,411,633	24,549,540
Current liabilities			
Trade payables	22	13,358	12,935
Rental deposits, current portion	23	93,772	102,049
Receipts in advance, current portion	23	59,472	48,681
Accruals and other payables	23	1,058,627	1,201,283
Amounts due to related companies	27	62,469	68,141
Borrowings	24	—	300,000
		1,287,698	1,733,089

Interim Condensed Consolidated Balance Sheet

As at 30 June 2014

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	23	140,763	115,456
Receipts in advance, non-current portion	23	21,779	—
Borrowings	24	7,703,908	7,541,894
Deferred tax liabilities	21	2,490,282	2,406,333
		10,356,732	10,063,683
Total liabilities, other than net assets attributable to unitholders			
Net assets attributable to unitholders	25	11,644,430	11,796,772
		12,682,368	12,669,468
Total liabilities			
		84,835	83,300
Net assets			
Equity			
Revaluation reserve		137,152	112,403
Retained earnings		(137,152)	(112,403)
		—	—
Non-controlling interests		84,835	83,300
Total equity			
		84,835	83,300
Net current assets/(liabilities)			
		5,843	(169,997)
Total assets less current liabilities			
Units in issue ('000)	25	2,784,994	2,766,698
Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit			
		RMB4.55	RMB4.58
Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit			
		RMB3.79	RMB3.81

The notes on pages 48 to 76 are an integral part of this condensed consolidated interim financial information.

Distribution Statement

For the six months ended 30 June 2014

	Note	Unaudited	
		Six months ended 30 June	
		2014	2013
		RMB'000	RMB'000
Profit after income tax before transactions with unitholders attributable to unitholders		253,607	231,173
Adjustments for the total distributable income ⁽ⁱ⁾			
– Fair value gains on investment properties ⁽ⁱⁱⁱ⁾		(211,923)	(166,698)
– Deferred taxation in respect of fair value gain on investment properties charged to profit or loss		38,387	22,613
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(118,691)	(139,078)
– Foreign exchange gain on financing activities		—	(63,572)
Total distributable income		(38,620)	(115,562)
Additional items⁽ⁱⁱ⁾			
– Cash received and/or receivable according to the Deed of Top-up Payments		66,178	103,968
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		118,691	139,078
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)		74,427	71,359
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		33,436	39,185
– Manager’s fee paid and payable in units in lieu of cash		47,244	44,921
– Interest income from top-up payment asset		(3,337)	(4,049)
– Fair value gain on top-up payment asset		(14,178)	(24,468)
– Foreign exchange loss on financing activities		40,245	—
– Amortisation of transaction costs due to early repayment of borrowings		—	24,054
Distributable income after additional items		324,086	278,486
Distributable amount at 1 January		320,053	284,658
Distribution paid during the period ^(iv)	25	(319,996)	(284,597)
Interim distribution declared ^(v)		324,143	278,547
Distribution per unit, declared ^(v)		RMB0.1163	RMB0.1012

Distribution Statement

For the six months ended 30 June 2014

Notes:

- ⁽ⁱ⁾ Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant period.
- ⁽ⁱⁱ⁾ Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- ⁽ⁱⁱⁱ⁾ For the six months period ended 30 June 2014, an additional distribution for the non-cash fair value loss of approximately RMB15,000,000 of certain investment property will be made using the existing cash resources of the Group.
- ^(iv) A distribution of RMB0.1149 per unit, totaling RMB319,996,000 (equivalent to HK\$405,217,000), was paid to unitholders on 13 May 2014.
- ^(v) An interim distribution in respect of the six months ended 30 June 2014 of RMB0.1163 (equivalent to HK\$0.1464) per unit, totaling RMB324,143,000 (equivalent to HK\$407,723,000) was declared by the Board of the Manager on 13 August 2014.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2014 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 2014

	Net assets attributable to unitholders RMB'000	Equity			Total RMB'000
		Retained earnings RMB'000	Revaluation reserve RMB'000	Non- controlling interests RMB'000	
At 1 January 2013	12,524,083	(5,839)	5,839	82,619	12,606,702
Issuance of units	32,710	—	—	—	32,710
Profit/(loss) for the period attributable to:					
– Unitholders	243,021	—	—	—	243,021
– Equity holders	—	(11,848)	—	(920)	(12,768)
Distributions paid to unitholders	(284,597)	—	—	—	(284,597)
Change in fair value of property, plant and equipment, net of tax	—	—	11,848	177	12,025
At 30 June 2013	12,515,217	(17,687)	17,687	81,876	12,597,093
At 1 January 2014	12,669,468	(112,403)	112,403	83,300	12,752,768
Issuance of units	54,540	—	—	—	54,540
Profit/(loss) for the period attributable to:					
– Unitholders	278,356	—	—	—	278,356
– Equity holders	—	(24,749)	—	1,275	(23,474)
Distributions paid to unitholders	(319,996)	—	—	—	(319,996)
Change in fair value of property, plant and equipment, net of tax	—	—	24,749	260	25,009
At 30 June 2014	12,682,368	(137,152)	137,152	84,835	12,767,203

The notes on pages 48 to 76 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 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	431,723	336,349
Interest paid	(173,005)	(205,689)
Corporate income tax paid	(5,547)	(4,148)
Top-up payment received	61,844	129,700
Net cash generated from operating activities	315,015	256,212
Cash flows from investing activities		
Additions of investment properties	(7,077)	(7,302)
Additions of property, plant and equipment	(57)	—
Interest received	30,927	46,848
(Increase)/decrease in short-term bank deposits with original maturity of more than three months	(15,076)	125,000
Net cash generated from investing activities	8,717	164,546
Cash flows from financing activities		
Distribution paid	(319,996)	(284,597)
Repayment of bank borrowings	(345,000)	(2,179,650)
Proceeds from other borrowings	158,514	2,126,902
Issuance of units	54,540	32,710
Net cash used in financing activities	(451,942)	(304,635)
Net (decrease)/increase in cash and cash equivalents	(128,210)	116,123
Cash and cash equivalents at beginning of the period	639,786	774,021
Cash and cash equivalents at end of the period	511,576	890,144

The notes on pages 48 to 76 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

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

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

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

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Manager on 13 August 2014.

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 2014 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 2013, which have been prepared in accordance with HKFRS.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

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

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES (Continued)

- (a) New standards and amendments, revisions and interpretation to existing standards effective in 2014

The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2014:

HKAS 32 (Amendment)	Financial instruments : Presentation – Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities
HK (IFRIC) Interpretation 21	Levies

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 2014 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions	1 July 2014
HKFRS 9	Financial instruments	To be determined ¹
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements Project	Annual improvements 2010-2012 cycle	1 July 2014
Annual Improvements Project	Annual improvements 2011-2013 cycle	1 July 2014

¹ The original effective date of 1 January 2015 is removed and it will be set once the other phase of HKFRS 9 is completed and finalised.

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

Notes to the Condensed Consolidated Interim Financial Information

4 SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

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 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 2013.

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 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 consolidated statement of comprehensive income.

Notes to the Condensed Consolidated Interim Financial Information

6 REVENUE AND SEGMENT INFORMATION (Continued)

	Hotel and serviced apartments RMB'000	Office rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
Period ended 30 June 2014				
Revenue from external customers	201,339	309,154	234,551	745,044
Segment results	37,209	354,076	178,408	569,693
Depreciation and amortisation	73,421	1,006	—	74,427
Fair value gain on investment properties	—	150,291	61,632	211,923
Period ended 30 June 2013				
Revenue from external customers	139,122	273,789	226,023	638,934
Segment results	7,343	296,880	164,169	468,392
Depreciation and amortisation	70,343	1,016	—	71,359
Fair value gain on investment properties	—	101,012	65,686	166,698
As at 30 June 2014				
Total reportable segments' assets	4,418,429	11,948,370	7,874,537	24,241,336
As at 31 December 2013				
Total reportable segments' assets	4,615,293	14,529,027	5,231,764	24,376,084

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

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Segment results	569,693	468,392
Unallocated operating costs (Note)	(62,036)	(56,429)
Operating profit	507,657	411,963
Finance income	48,442	138,937
Finance expenses	(221,505)	(237,902)
Profit before income tax and transactions with unitholders	334,594	312,998

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

Notes to the Condensed Consolidated Interim Financial Information

6 REVENUE AND SEGMENT INFORMATION (Continued)

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Total reportable segments' assets	24,241,336	24,376,084
Tax recoverable	1,431	1,360
Corporate assets	168,866	172,096
Total assets	24,411,633	24,549,540

	Revenue Unaudited Six months ended 30 June		Total assets	
	2014 RMB'000	2013 RMB'000	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
China	745,044	638,934	24,241,336	24,376,084
Unallocated assets			170,297	173,456
			24,411,633	24,549,540

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

The Group's revenue by nature is as follows:

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Hotel and serviced apartments operations		
Room rentals	113,250	65,249
Food and beverages	80,332	69,518
Property rentals	533,705	489,812
Others	17,757	14,355
	745,044	638,934

Notes to the Condensed Consolidated Interim Financial Information

7 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Property management fee ⁽ⁱ⁾	15,913	14,271
Real estate tax	74,018	65,932
Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	45,014	38,958
Withholding tax ⁽ⁱⁱ⁾	27,034	24,719
Depreciation of property, plant and equipment	49,785	46,716
Amortisation of land use rights	24,642	24,643
Direct operating expenses on hotel and serviced apartments including employee benefit expenses	141,586	116,859
Manager's fee (Note 8)	49,731	44,921
Trustee's fee	3,682	3,731
Valuation fee	396	455
Legal and professional fee	6,450	2,426
Auditor's remuneration	1,498	2,875
Bank charges	356	176
Others	9,205	6,987
Total operating expenses	449,310	393,669

Note:

⁽ⁱ⁾ The Group received leasing, marketing and tenancy management services from three leasing agents in Guangzhou, namely, Guangzhou Yicheng Property Management Ltd., Guangzhou White Horse Property Management Co., Ltd. and Guangzhou Yuexiu Asset Management Company Limited (Note 27).

⁽ⁱⁱ⁾ Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

Notes to the Condensed Consolidated Interim Financial Information

8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property and a service fee of 3% per annum of net property income, as defined in the Trust Deed. Both the base fee and service fee are calculated based on information from the latest audited financial statements, on a pro-rata basis.

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Manager's fee:		
In the form of units	47,244	44,921
In the form of cash	2,487	—
	49,731	44,921

Pursuant to the circular of Yuexiu REIT dated 30 June 2012, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017 will be paid in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the period ended 30 June 2014 are expected to be issued on 28 August 2014. Also in accordance with the Trust Deed, the issue price of the units (and consequentially the number of units to be issued to the Manager) will be calculated based on the higher of (i) the closing price of the units on the trading day immediately preceding 28 August 2014 and (ii) the average closing price of the units in the 10 trading days immediately preceding 28 August 2014.

9 FINANCE INCOME

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Interest income from bank deposits	3,178	8,381
Interest income from a related company	27,749	38,467
Interest income from top-up payment asset	3,337	4,049
Fair value gain on top-up payment asset	14,178	24,468
Foreign exchange gain on financing activities	—	63,572
	48,442	138,937

Notes to the Condensed Consolidated Interim Financial Information

10 FINANCE EXPENSES

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Interest expense for bank borrowings	140,002	196,808
Interest expense for other borrowings	33,003	8,881
Amortisation of transaction costs for borrowings	8,255	32,213
Foreign exchange loss on financing activities	40,245	—
	221,505	237,902

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	
	2014 RMB'000	2013 RMB'000
Current income tax		
– China corporate income tax	5,145	5,071
– Under-provision in prior years	331	234
Deferred income tax (Note 21)	74,236	77,440
	79,712	82,745

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments	Office supplies	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2013				
Opening net book amount as at 1 January 2013	2,278,000	433	8,878	2,287,311
Depreciation	(45,700)	(79)	(937)	(46,716)
Fair value gain on revaluation	16,700	—	—	16,700
Closing net book amount as at 30 June 2013	2,249,000	354	7,941	2,257,295
Six months ended 30 June 2014				
Opening net book amount as at 1 January 2014	2,335,000	280	7,004	2,342,284
Additions	57	—	—	57
Depreciation	(48,779)	(69)	(937)	(49,785)
Fair value gain on revaluation	34,722	—	—	34,722
Closing net book amount as at 30 June 2014	2,321,000	211	6,067	2,327,278
At 30 June 2014				
At fair value	2,321,000	—	—	2,321,000
At cost	—	211	6,067	6,278
	2,321,000	211	6,067	2,327,278

If hotel and serviced apartments had not been revalued, it would have been included in these condensed consolidated interim financial information at historical cost less accumulated depreciation of RMB2,130,242,000 (31 December 2013: RMB2,176,522,000).

As at 30 June 2014, property, plant and equipment with an aggregate carrying amount of RMB2,321 million (31 December 2013: RMB2,335 million) were pledged as collateral for the Group's bank borrowings (Note 24).

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	RMB'000
Opening balance	2,335,000
Additions	57
Depreciation	(48,779)
Unrealised gains recognised in reserve	34,722
Closing balance	2,321,000
Changes in unrealised gains or losses for the period included in other comprehensive income at the end of the period	34,722

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments was revalued by Savills Valuation and Professional Services Limited, independent qualified valuer not related to the Group at 30 June 2014.

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

At each financial year end the finance department:

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

Notes to the Condensed Consolidated Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair value of hotel and serviced apartments in China is generally derived using the income capitalisation method and 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

Capitalisation and discount rates are estimated by Savills Valuation and Professional Services Limited 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:

	Unit Rate (RMB)	Discount Rate (%)	Stabilised Occupancy Rate (%)
Hotel	2,050/day	7.0	75.0
Serviced apartments	238/m ² /month	7.5	85.0

Notes to the Condensed Consolidated Interim Financial Information

13 LAND USE RIGHTS

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

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Beginning of the period	1,626,394	1,675,679
Amortisation	(24,642)	(24,643)
End of the period	1,601,752	1,651,036

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

	30 June	30 June
	2014	2013
	RMB'000	RMB'000
In China:		
Land use rights of between 10 and 50 years	1,601,752	1,651,036

As at 30 June 2014, the fair value of land use rights is approximately RMB1,842 million (31 December 2013: RMB1,809 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2014, land use rights were pledged with an aggregate net book amount of RMB1,602 million (31 December 2013: RMB1,626 million) as collateral for the Group's bank borrowings (Note 24).

Notes to the Condensed Consolidated Interim Financial Information

14 INVESTMENT PROPERTIES

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Beginning of the period	18,605,000	18,264,000
Additions during the period	7,077	7,302
Fair value gains during the period, included in profit or loss under 'Fair value gain on investment properties'	211,923	166,698
End of the period	18,824,000	18,438,000

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

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB9,316,518 (2013: RMB6,721,190) relating to investment properties that were vacant.

As at 30 June 2014, investment properties with an aggregate net book value of approximately RMB5,865 million (31 December 2013: RMB5,812 million) were pledged as collaterals for the Group's bank borrowings (Note 24).

Yuexiu REIT acquired Guangzhou IFC on 8 October 2012. In accordance with the REIT Code, Yuexiu REIT is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless the Unitholders have passed a special resolution consenting to the proposed disposal.

Notes to the Condensed Consolidated Interim Financial Information

14 INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Savills Valuation and Professional Services Limited, independent qualified valuer not related to the Group at 30 June 2014.

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

At each financial year end the finance department:

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

Valuation techniques

Fair value measurements using significant unobservable inputs

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

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

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

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

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

Significant inputs used to determine fair value

Capitalisation and discount rates are estimated by Savills Valuation and Professional Services Limited based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

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

Notes to the Condensed Consolidated Interim Financial Information

14 INVESTMENT PROPERTIES (Continued)

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

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	70 to 255	5.00% to 8.00%
Retail	400 to 1,333	5.25% to 8.50%

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

	Monthly Market Unit Rent (RMB per sq.m.)	Discount Rate	Stabilised Occupancy Rate
Office	70 to 255	7.00% to 9.50%	90.00% to 99.00%
Retail	400 to 1,333	7.25% to 9.80%	95.00% to 99.50%

15 DEFERRED ASSETS

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

Notes to the Condensed Consolidated Interim Financial Information

16 GOODWILL

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Net book amount	160,324	160,324
Cost	160,324	160,324
Accumulated impairment	—	—
	160,324	160,324

17 TOP-UP PAYMENT ASSET

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

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

It is initially recognised at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cashflows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 3.575% 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".

18 TRADE RECEIVABLES

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Trade receivables	14,298	10,971

The fair values of trade receivables approximate their carrying amounts.

Notes to the Condensed Consolidated Interim Financial Information

18 TRADE RECEIVABLES (Continued)

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

	Unaudited	Audited
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
0 - 30 days	11,277	2,004
31 - 90 days	1,680	8,211
91 - 180 days	1,341	267
181 - 365 days	—	—
Over 1 year	—	489
	14,298	10,971

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

As at 30 June 2014, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB464,390,000 (31 December 2013: RMB575,072,000) 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.

Notes to the Condensed Consolidated Interim Financial Information

21 DEFERRED TAX LIABILITIES

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	2,490,282	2,406,333

The movements in the deferred tax liabilities account are as follows:

	Unaudited Six months ended 30 June 2014 RMB'000	2013 RMB'000
Beginning of the period	2,406,333	2,226,428
Deferred taxation charged to profit or loss (Note 11)	74,236	77,440
Deferred taxation charged to reserve	9,713	4,675
End of the period	2,490,282	2,308,543

The movements in deferred tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Tax losses RMB'000
Six months ended 30 June 2013	
At 1 January 2013	—
Credited to profit or loss	30,190
At 30 June 2013	30,190
Six months ended 30 June 2014	
At 1 January 2014	35,937
Charged to profit or loss	(1,010)
At 30 June 2014	34,927

Notes to the Condensed Consolidated Interim Financial Information

21 DEFERRED TAX LIABILITIES (Continued)

The movements in deferred tax liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Fair value gains RMB'000	Withholding tax in respect of unremitted earnings of subsidiaries RMB'000	Accelerated depreciation allowance and others RMB'000	Total RMB'000
Six months ended 30 June 2013				
At 1 January 2013	1,952,613	238,970	34,845	2,226,428
Charged to profit or loss	22,613	10,223	74,794	107,630
Charged to reserve	4,675	—	—	4,675
At 30 June 2013	1,979,901	249,193	109,639	2,338,733
Six months ended 30 June 2014				
At 1 January 2014	2,036,226	255,536	150,508	2,442,270
Charged to profit or loss	38,387	(120)	34,959	73,226
Charged to reserve	9,713	—	—	9,713
At 30 June 2014	2,084,326	255,416	185,467	2,525,209

There is no significant unprovided deferred taxation as at 30 June 2014 (31 December 2013: Nil).

22 TRADE PAYABLES

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Trade payables	13,358	12,935

The fair values of trade payables approximate their carrying amounts.

Notes to the Condensed Consolidated Interim Financial Information

22 TRADE PAYABLES (Continued)

The ageing analysis of the trade payables is as follows:

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
0 - 30 days	10,719	8,571
31 - 90 days	2,295	4,189
91 - 180 days	344	117
181 - 365 days	—	58
	13,358	12,935

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

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Rental deposits		
Current portion	93,772	102,049
Non-current portion	140,763	115,456
	234,535	217,505
Receipts in advance		
Current portion	59,472	48,681
Non-current portion	21,779	—
	81,251	48,681
Provision for withholding tax payable	8,326	7,903
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	7,124	5,887
Construction fee payable	939,456	1,097,022
Accruals for operating expenses	103,721	90,471
Accruals and other payables	1,058,627	1,201,283
	1,374,413	1,467,469

Notes to the Condensed Consolidated Interim Financial Information

23 RENTAL DEPOSITS, RECEIPTS IN ADVANCE AND ACCRUALS AND OTHER PAYABLES (Continued)

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Current portion of long term borrowings, secured	—	300,000
Long-term borrowings		
Bank borrowings		
– Secured	3,335,000	3,680,000
– Unsecured	2,235,360	2,050,832
Other borrowings, unsecured (Note)	2,133,548	2,111,062
	7,703,908	7,841,894
Less: current portion of long-term borrowings	—	(300,000)
Total long-term borrowings	7,703,908	7,541,894
Analysed into:		
Unsecured	4,368,908	4,161,894
Secured	3,335,000	3,680,000
	7,703,908	7,841,894

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

- certain parts of Guangzhou IFC amounting to RMB9,788 million;
- present and future assets (including but not limited to: (a) a charge over any interest-bearing accounts (the "Charged Accounts"), (b) a floating charge over all assets, (c) an assignment of dividends and all other revenue generated) of Yuexiu REIT 2012 Company Limited ("REIT 2012"), Tower Top Development Ltd. ("Tower Top"), BVI Holdcos² and HK Holdcos³, subsidiaries of the Group;
- all right, title and interest in all present and future loans of REIT 2012, Tower Top, BVI Holdcos² and HK Holdcos³;

Notes to the Condensed Consolidated Interim Financial Information

24 BORROWINGS (Continued)

- ¹ A syndicated loan amounting to RMB3,335 million is jointly and severally guaranteed by Guangzhou City Construction and Development Co., Ltd., Guangzhou Charcon Real Estate Co., Ltd. and Guangzhou City Construction and Development Group Co., Ltd. with an effective period expiring on the date two years after full repayment of the syndicated loan. A syndicated loan amounting to RMB2,235 million is jointly and severally guaranteed by Tower Top, BVI Holdcos² and HK Holdcos³.
- ² "BVI Holdcos" include Bliss Town Holdings Ltd., Hoover Star International Ltd., Miller Win Group Ltd. and Shinning Opal Management Ltd.
- ³ "HK Holdcos" include Ever Joint Investment International Limited, Long Grace Holdings Limited, Profit Link Investment International Limited and San Bright Holdings Limited.

Note:

On 14 May 2013, Yuexiu REIT MTN Company Limited, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$350 million principal amount of 3.10% notes due 2018 (the "USD Bond") to investors under the US\$1 billion guaranteed medium term note programme established on 21 March 2013 pursuant to the subscription agreement dated 7 May 2013. All of the USD Bond remained outstanding at 30 June 2014.

25 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Beginning of the period	12,669,468	12,524,083
Issuance of units	54,542	32,710
Transfer from the statement of comprehensive income	278,356	243,021
Distribution paid during the period	(319,996)	(284,597)
End of the period	12,682,370	12,515,217

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Net assets attributable to existing unitholders	10,552,789	10,385,636
Net assets attributable to deferred unitholder (Note)	2,129,581	2,129,581
	12,682,370	12,515,217

Notes to the Condensed Consolidated Interim Financial Information

25 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

Note:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP certain number of units starting from 31 December 2016. The number of units to be issued each year will be limited to the maximum number of units that may be issued to YXP which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. The outstanding deferred units at 30 June 2014 were 733,280,000 units (31 December 2013: 733,280,000 units).

The movement of units is as below:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	'000	'000
Beginning of the period	2,766,698	2,743,210
Units issued during the period (Note)	18,296	9,177
End of the period	2,784,994	2,752,387

Note:

During the period, 18,296,000 units were issued for the payment of manager's fee for the period from 1 July 2013 to 31 December 2013. In 2013, 23,488,000 units were issued for the payment of manager's fee for the year.

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

(a) Basic

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

	Unaudited	
	Six months ended 30 June	
	2014	2013
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	253,607	231,173
Weighted average number of units in issue ('000)	2,776,301	2,748,026
Basic earnings per unit (RMB)	0.09	0.08

Notes to the Condensed Consolidated Interim Financial Information

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

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2014.

	Unaudited	
	Six months ended 30 June	
	2014	2013
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	253,607	231,173
Weighted average number of units in issue ('000)	2,776,301	2,748,026
Adjustments for deferred units ('000)	733,280	168,294
Adjustments for manager's fee in form of units ('000)	15,869	13,333
Weighted average number of units for diluted earnings per unit ('000)	3,525,450	2,929,653
Diluted earnings per unit (RMB)	0.07	0.08

Notes to the Condensed Consolidated Interim Financial Information

27 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 30 June 2014, the Group was significantly influenced by YXP (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 summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 30 June 2014:

Connected/related companies	Relationship with Yuexiu REIT
Yuexiu Property Company Limited ("YXP") ¹	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") ¹	A subsidiary of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") ¹	A subsidiary of YXP
Guangzhou Yicheng Property Management Ltd. ("Yicheng") ¹	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV") ¹	A subsidiary of YXP
Guangzhou White Horse Property Management Co., Ltd. ("White Horse PM") ¹	A subsidiary of YXP
Guangzhou City Construction & Development Xingye Property Agent Ltd. ("Xingye") ¹	A subsidiary of YXP
Guangzhou City Construction and Development Co. Ltd. ("GCCD") ¹	A subsidiary of YXP
Yue Xiu Enterprises (Holdings) Limited ("YXE") ¹	A major shareholder of YXP
Guangzhou Yue Xiu Holdings Limited ("Yue Xiu") ¹	Immediate holding company of YXE
廣州市城市建設開發集團有限公司 ¹	A subsidiary of Yue Xiu
Golden Eagle Asset Management Co. Ltd. ("Golden Eagle") ¹	A subsidiary of Yue Xiu
Guangzhou Grandcity Development Ltd. ¹	A subsidiary of YXP
Guangzhou Yue Xiu City Construction JLL Property Services Company Limited ("GZ JLL") ¹	A subsidiary of YXP
廣州廣證恒生證券投資諮詢有限公司 ¹	A subsidiary of Yue Xiu
Guangzhou Suiqiao Development Company Limited ("Suiqiao") ¹	A subsidiary of Yue Xiu
廣州證券有限責任公司 ¹	A subsidiary of Yue Xiu
廣州越秀產業投資管理有限公司 ¹	A subsidiary of Yue Xiu
廣州越秀融資租賃有限公司 ¹	A subsidiary of Yue Xiu
廣州越秀金融家俱樂部有限公司 ¹	A subsidiary of YXP
廣州越秀金融控股集團有限公司 (previously known as 廣州越秀金融投資集團有限公司) ¹	A subsidiary of Yue Xiu
廣州越秀小額貸款有限公司 ¹	A subsidiary of Yue Xiu
北京仲量聯行物業管理服務有限公司廣州分公司 ¹	A subsidiary of Yue Xiu
Guangzhou Yue Tong Expressway Operations and Management Company Limited ¹	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ¹	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited 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 "Valuer")	The principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee

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

Notes to the Condensed Consolidated Interim Financial Information

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

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

(a) Transactions with connected/related companies

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Manager's fee paid/payable to the Manager ⁽ⁱⁱ⁾	(49,731)	(44,921)
Management fee paid/payable to Yicheng	(4,692)	(4,296)
Management fee paid/payable to White Horse PM	(5,332)	(5,027)
Management fee paid/payable to GZ AM	(5,889)	(4,948)
Rental income received/receivable from Xingye	2,851	2,848
Rental income received/receivable from Yicheng	1,265	1,771
Rental income received/receivable from GCCD	16,846	18,984
Rental income received/receivable from White Horse JV	600	600
Rental income received/receivable from Golden Eagle	2,256	2,256
Rental income received/receivable from Yue Xiu	16,460	14,577
Rental income received/receivable from Guangzhou Grandcity Development Ltd.	10,399	10,399
Rental income received/receivable from 廣州廣證恒生證券投資諮詢有限公司	1,443	1,492
Rental income received/receivable from Suiqiao	280	280
Rental income received/receivable from 廣州證券有限責任公司	9,892	9,880
Rental income received/receivable from 廣州越秀產業投資管理有限公司	1,396	1,390
Rental income received/receivable from GZ JLL	7,122	6,500
Rental income received/receivable from 廣州越秀融資租賃有限公司	2,664	1,695
Rental income received/receivable from GZ AM	2,803	1,838
Rental income received/receivable from 廣州越秀金融家俱樂部有限公司	2,794	2,794
Rental income received/receivable from 廣州越秀金融控股集團有限公司	2,337	2,106

Notes to the Condensed Consolidated Interim Financial Information

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

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

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Rental income received/receivable from Guangzhou Yue Tong Expressway Operations and Management Company Limited	364	560
Rental income received/receivable from Guangzhou Yue Peng Information Ltd.	372	372
Rental income received/receivable from Yuexiu (China) Transport Infrastructure Investment Company Limited	2,555	2,360
Rental income received/receivable from 廣州越秀小額貸款有限公司	329	165
Rental income received/receivable from 北京仲量聯行物業管理服務有限公司廣州分公司	619	568
Naming right income received/receivable from YXP	10,000	10,000
Interest income received/receivable from GCCD	27,749	38,467
Trustee's fee paid/payable to the Trustee	(3,682)	(3,731)
Valuation fee paid/payable to the Valuer	(396)	(455)
Transactions with the HSBC Group		
– Interest expense paid/payable to the HSBC Group	(2,697)	(2,064)
– Interest income from the HSBC Group	—	12
– Advisory fee paid to HSBC Group	—	(4,342)

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).

Notes to the Condensed Consolidated Interim Financial Information

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

(b) Balances with related companies

	Unaudited	Audited
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Amount due from GCCD (i)	598,426	766,523
Amount due to Yicheng	(884)	(812)
Amount due to White Horse PM	(924)	(1,863)
Amount due to the Manager	(49,731)	(54,540)
Amount due to GZ AM	(930)	(926)
Amount due to 廣州市城市建設開發集團有限公司	(10,000)	(10,000)
Rental deposits from related companies (ii)	(29,164)	(29,035)

Except for an amount due from GCCD of approximately RMB571 million (31 December 2013: RMB729 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 approximate 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 RMB598 million (31 December 2013: RMB767 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 interim condensed consolidated balance sheet.

(c) Key management compensation

There was no key management compensation for the period ended 30 June 2014 (2013: nil).

Notes to the Condensed Consolidated Interim Financial Information

28 CAPITAL COMMITMENTS

	Unaudited	Audited
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	16,631	8,336
Authorised but not contracted for	38,294	51,810
	54,925	60,146

29 FUTURE MINIMUM RENTAL RECEIVABLES

At 30 June 2014, the Group had future minimum rental receivables under non-cancellable leases as follows:

	Unaudited	Audited
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Within one year	935,061	933,480
Between one year and five years	1,543,864	1,334,683
Over five years	541,019	598,874
	3,019,944	2,867,037

Performance Table

	Unaudited 30 June 2014	Unaudited 30 June 2013
Net assets attributable to Unitholders (RMB)	12,682,368,000	12,515,217,000
Net assets attributable to Unitholders per unit (RMB)	4.55	4.55
Equivalent to HK\$	5.74	5.71
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\$2.15	HK\$2.03
Net yield per unit (ii)	2.43%	1.89%
Number of units in issue	2,784,994,264 units	2,752,386,371 units

Note:

- (i) The highest premium is calculated based on the highest traded price of HK\$3.90 (2013: HK\$4.91) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the period from 1 January 2014 to 30 June 2014. The highest discount is calculated based on the lowest traded price of HK\$3.59 (2013: HK\$3.68) on the Stock Exchange during the period from 1 January 2014 to 30 June 2014. Since the highest traded price during the six months ended 30 June 2014 was HK\$3.90, which was lower than the net asset value as at 30 June 2014, no premium of the traded price to net asset value was presented for 30 June 2014.
- (ii) Net yield per unit is calculated based on profit after tax before transactions with Unitholders per unit for the period from 1 January 2014 to 30 June 2014 over the traded price of HK\$3.75 as at 30 June 2014 (2013: HK\$4.23) on the Stock Exchange.

Corporate and Investor Relations Information

Board of Directors of the Manager

Executive directors

Mr Liu Yongjie (*Chairman*)

Mr Lin Deliang (*appointed as Chief Executive Officer and Executive director on 25 April 2014*)

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 Liu Yongjie

Mr Lin Deliang

Mr Kwan Chi Fai

Company Secretary of The Manager

Mr Yu Tat Fung

Trustee

HSBC Institutional Trust Services (Asia) Limited

Auditor of Yuexiu Reit

PricewaterhouseCoopers

Certified Public Accountants

Principal Valuer

Savills Valuation and Professional Services Limited

Hong Kong Legal Advisor

Baker & McKenzie

Corporate and Investor Relations Information

Principal Bankers of Yuexiu REIT

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

Websites to Access Information in Relation to Yuexiu REIT

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

Registered Office of the Manager

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

Unit Registrar and Transfer Office

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

Corporate and Investor Relations Information

Listing Exchange

Units

The Stock Exchange of Hong Kong Limited

Stock code: 00405

Bond

The Stock Exchange of Hong Kong Limited

US\$350,000,000 3.1 % Notes due 2018

Stock code: 05943

Investor Relations

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



越秀房地產投資信託基金
YUEXIU REAL ESTATE INVESTMENT TRUST

MANAGER



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

24/F., Yue Xiu Building,
160 Lockhart Road, Wanchai, Hong Kong
TEL (852) 3607 1800 FAX (852) 2519 6473

www.yuexiureit.com