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(Stock code: 00405)

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**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

The board of directors (“Board”) of Yuexiu REIT Asset Management Limited (“Manager”) is pleased to announce the audited consolidated results of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) and its subsidiaries for the year ended 31 December 2013 (“Reporting Year”) together with comparative figures for the corresponding period in 2012 are as follows:

FINANCIAL HIGHLIGHTS

The following is a summary of Yuexiu REIT's audited consolidated results for the year ended 31 December 2013 together with comparative figures for the corresponding period in 2012:

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

	Financial Year ended 31 December 2013	Financial Year ended 31 December 2012	Percentage increase/ (decrease)
Gross income (Note a)	1,370,653,000	712,201,000	92.5%
Net property income	860,419,000	507,307,000	69.6%
Profit after tax	524,067,000	687,802,000	(23.8)%
Earnings per unit - Basic	0.19	0.48	(60.4)%
Portfolio valuation	22,749,000,000	22,326,000,000	1.9%
Net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per Unit	4.58	4.57	0.2%
Net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per Unit - Equivalent to HK\$	5.83	5.63	3.6%
Units issued (units)	2,766,698,330	2,743,209,741	0.9%
Total borrowings as a percentage of gross assets (Note b)	31.9%	33.6%	(1.7) percentage points
Gross liabilities as a percentage of gross assets (Note c)	48.1%	49%	(0.9) percentage points
Distribution			
Total distribution (including additional items)	598,598,000	403,443,000	48.4%
Distribution per Unit (HK\$)	0.2731	0.2645	3.3%

Note a: Revenue of GZIFC was recorded since 9 October 2012.

Note b: Calculation of Total borrowings based on bank loan and other borrowings, excluding capitalization of debt-related expenses.

Note c: Calculation of Gross liabilities based on total liabilities, excluding capitalization of debt-related expenses and net assets attributable to Unitholders.

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 to 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 31 December 2012 to 31 December 2016.

The final distribution to the Unitholders for the period from 1 July 2013 to 31 December 2013 (“2013 Final Period”) will be approximately RMB0.1157 which is equivalent to HK\$0.1465 (2012: approximately RMB0.1034 which is equivalent to HK\$0.1278) per Unit. Such final distribution per Unit, however, is subject to adjustment upon the issuance of new units between 1 January 2014 and the record date. Further announcement will be made to inform Unitholders of the final Distribution per Unit for the six months ended 31 December 2013.

The final distribution, together with the interim distribution of Yuexiu REIT for the six-month period from 1 January 2013 to 30 June 2013 (“2013 Interim Period”) being approximately RMB0.1007 which is equivalent to HK\$0.1266 (2012 : approximately RMB0.1114 which is equivalent to HK\$0.1367) per Unit, represented distribution to each Unitholder for the Reporting Year being approximately RMB0.2164 (which is equivalent to HK\$0.2731) (2012: RMB0.2148 which is equivalent to HK\$0.2645).

Yuexiu REIT aims at providing steady returns to its Unitholders derived from the gross income of its Properties. It has been distributing no less than 100% of Distribution for 8 consecutive years after listing in 2005.

The Manager confirms that the distribution amount of the Reporting Year is composed of profit/loss after tax before transactions with the Unitholders and additional items. The distributable income, after additional items, of RMB598,598,000 (2012: approximately RMB403,443,000) include certain profit elements in the capital nature of Yuexiu REIT. The amount of capital nature items is RMB265,273,000 (2012: approximately RMB358,160,000).

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 items are adjusted in accordance with the distribution policy of offering circular dated 30 June 2012.

Distribution payable to the Unitholders will be 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 distributions.

Distribution Yield

Distribution per Unit (“DPU”) for the Reporting Year is approximately HK\$0.2731 (2012: HK\$0.2645) which represents a yield of approximately 7.2% (2012: 7.2%) per Unit based on the closing price of HK\$3.78 per Unit as at 31 December 2013 (2012: HK\$3.68).

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the final distribution will be 17 April 2014. The register of Unitholders will be closed from 17 April 2014 to 18 April 2014, both days inclusive, during which period no transfer of units will be effected. In order to be qualify for the distribution, all Unit certificates with completed transfer forms must be lodged with Yuexiu REIT’s unit registrar, Tricor Investor Services Limited, of the following address, not later than 4:30 p.m. on 16 April 2014. The final distribution will be paid on 13 May 2014 to the Unitholders whose names appear on the register of Unitholders on 17 April 2014.

Before 31 March 2014: 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong

From 31 March 2014 onwards: Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong

2013 BUSINESS REVIEW AND FUTURE PROSPECTS

BUSINESS REVIEW

Stable Growth in Operating Results

2013 is the first full year in which Yuexiu REIT commenced its multi-business model operation since the acquisition of Guangzhou International Finance Centre (“GZIFC”). Benefiting from the moderate growth in China’s macro-economy, Yuexiu REIT continued to implement active leasing and asset management strategies and continuously achieved good performance for all its properties. The occupancy rate of GZIFC’s offices rose despite adverse market condition, while hotels and serviced apartments were operated as expected. All these further enhanced the competitiveness of the properties, laying a solid foundation for the future growth of rental income and long-term development of Yuexiu REIT.

Properties Portfolio and Valuation

As at 31 December 2013, Yuexiu REIT’s properties portfolio (“Properties”) 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 GZIFC. The aggregate area of ownership of the Properties was approximately 680,971.1 sq.m. and the 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, and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

Particulars of the Properties:

Rental Properties	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Lettable Area (sq.m.)	Property Occupancy Rate ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m.)
White Horse Building	Wholesale	Yuexiu District	1990	50,199.3	50,128.9	100.00%	554
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	99.27%	138
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	96.60%	120
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	92.19%	192
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3 ⁽²⁾	97.60% ⁽²⁾	100
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.8	88.01%	203
In which:	Grade A office			267,804.4	183,539.5 ⁽³⁾	85.37%	221
	Retails			46,989.2	46,727.3	98.37%	140
	Hotel			91,460.9	N/A	N/A	N/A
	Apartment			<u>51,102.3</u>	<u>N/A</u>	N/A	N/A
Total				<u>680,971.1</u>	<u>441,297.9</u>	92.59%	219

Note:

(1) As at 31 December 2013;

(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.

Segment of the Properties:

Rental Property	Area of Ownership (sq.m.)	Rentable Area (sq.m.)	Occupancy Rate ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m.)	Operating Income ⁽²⁾ (RMB'000)
Office	413,521.3	317,179.4 ⁽³⁾	90.61% ⁽³⁾	174	573,101
Retails	74,687.3	73,989.5	96.09%	159	123,058
Wholesale	50,199.3	50,128.9	100.00%	554	339,322

Note:

(1) As at 31 December 2013

(2) For the year ended 31 December 2013;

(3) Excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area of Neo Metropolis, and 76,512.3 sq.m. of parking space in GZIFC.

Operational Property	Type	Commencement of operation	Area of Ownership (sq.m.)	Number of Units (units)	Average Occupancy Rate ⁽¹⁾
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	53.9%
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	44.0%

Note:

(1) From 1 January 2013 to 31 December 2013;

(2) Both the hotel and serviced apartments are entrusted operation.

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 31 December 2013 was approximately RMB22,749 million, representing an increase of RMB423 million or 1.9% over the valuation as at 31 December 2012.

The following table summarizes the valuation of each of the Properties as at 31 December 2013 and 31 December 2012:

Name of Property	Valuation as at 31 December 2013 RMB million	Valuation as at 31 December 2012 RMB million	Increase
White Horse Building	3,980	3,855	3.2%
Fortune Plaza	806	780	3.3%
City Development Plaza	672	648	3.7%
Victory Plaza	804	782	2.8%
Neo Metropolis	772	749	3.1%
GZIFC	<u>15,715</u>	<u>15,512</u>	1.3%
Total	<u>22,749</u>	<u>22,326</u>	1.9%

Occupancy Rate Remained at High Level

As at 31 December 2013, the overall occupancy rate of the Properties was approximately 92.59% (the occupancy rate of the original five properties was 97.60%), representing a slight decrease of 0.85% as compared to 98.45% for the same period last year, which illustrated that the occupancy rate was staying at a high level. The overall occupancy rate of GZIFC was 88.01%, in which the occupancy rates of offices and shopping mall were 85.37% and 98.37% respectively.

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

Name of Property	Occupancy rate as at 31 December 2013	Occupancy rate as at 31 December 2012	Percentage increase/(decrease) compared to 31 December 2012
White Horse Building	100.00%	100.00%	0.00%
Fortune Plaza	99.27%	99.18%	0.09%
City Development Plaza	96.60%	97.09%	(0.49)%
Victory Plaza	92.19%	95.87%	(3.68)%
Neo Metropolis	97.60%	98.85%	(1.25)%
Subtotal of the original properties	97.60%	98.45%	(0.85)%
GZIFC Offices	85.37%	70.18%	15.19%
GZIFC Retails	98.37%	97.03%	1.34%
Overall	<u>92.59%</u>	<u>86.54%</u>	<u>6.05%</u>

Lease Expiry of the Properties

In respect of the rentable area in the next five years and beyond, ratios of lease expiry of Yuexiu REIT Properties each year will be 25.7%、21.7%、18.1%、9.9% and 24.6% respectively. In respect of basic monthly rental, ratios of lease expiry each year will be 30.6%、28.0%、14.0%、7.4% and 20.0% respectively.

Lease Expiry of the Properties

Yuexiu REIT Properties

Year	By Rental Area	By Rental Income
FY2014	25.7%	30.6%
FY2015	21.7%	28.0%
FY2016	18.1%	14.0%
FY2017	9.9%	7.4%
FY2018 and beyond	<u>24.6%</u>	<u>20.0%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

White Horse Building

Year	By Rental Area	By Rental Income
FY2014	57.2%	46.2%
FY2015	33.3%	40.5%
FY2016	0.0%	0.0%
FY2017	3.5%	1.1%
FY2018 and beyond	<u>6.0%</u>	<u>12.2%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Fortune Plaza

Year	By Rental Area	By Rental Income
FY2014	22.9%	22.7%
FY2015	29.9%	30.1%
FY2016	7.2%	8.2%
FY2017	25.2%	26.4%
FY2018 and beyond	<u>14.8%</u>	<u>12.6%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

City Development Plaza

Year	By Rental Area	By Rental Income
FY2014	13.9%	20.0%
FY2015	25.0%	22.5%
FY2016	27.9%	17.2%
FY2017	26.2%	33.3%
FY2018 and beyond	<u>7.0%</u>	<u>7.0%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Victory Plaza

Year	By Rental Area	By Rental Income
FY2014	24.5%	25.3%
FY2015	0.0%	0.0%
FY2016	3.0%	17.2%
FY2017	0.7%	2.7%
FY2018 and beyond	<u>71.8%</u>	<u>54.8%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Neo Metropolis

Year	By Rental Area	By Rental Income
FY2014	17.8%	16.6%
FY2015	27.2%	26.3%
FY2016	39.5%	42.8%
FY2017	9.4%	8.6%
FY2018 and beyond	<u>6.1%</u>	<u>5.7%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

GZIFC

Year	Overall (including office and retail)		Office		Retail	
	Rental Area	Rental Income	Rental Area	Rental Income	Rental Area	Rental Income
FY2014	22.9%	24.1%	28.0%	27.2%	5.9%	7.4%
FY2015	17.8%	21.6%	22.6%	25.5%	1.4%	1.1%
FY2016	19.5%	20.6%	25.2%	24.4%	0.0%	0.0%
FY2017	6.4%	6.4%	8.2%	7.6%	0.0%	0.0%
FY2018 and beyond	<u>33.4%</u>	<u>27.3%</u>	<u>16.0%</u>	<u>15.3%</u>	<u>92.7%</u>	<u>91.5%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Revenue Continued to Increase

In 2013, the Properties of Yuexiu REIT recorded total revenue of approximately RMB1,370.7 million, representing an increase of 92.5% compared to that of the corresponding period of the previous year. Among which, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis and GZIFC accounted for approximately 24.8%, 5.0%, 4.1%, 2.8%, 4.4% and 58.9% respectively of the total revenue.

No bad debt was recorded during the reporting period. The following table sets out a comparison of revenue in respect of the Properties between the reporting period and the same period of the previous year:

Name of Property	Revenue in 2013 <i>RMB million</i>	Revenue in 2012 <i>RMB million</i>	Increase/ (Decrease) in revenue compared to 2012	Increase/ (Decrease)
			<i>RMB million</i>	%
White Horse Building	339.3	316.4	22.9	7.2%
Fortune Plaza	69.2	63.6	5.6	8.8%
City Development Plaza	56.6	52.4	4.2	8.0%
Victory Plaza	37.7	57.0	(19.3)	(33.9)%
Neo Metropolis	<u>60.8</u>	<u>51.9</u>	8.9	17.1%
Subtotal of the original properties	563.6	541.3	22.3	4.1%
GZIFC	<u>807.1</u>	<u>170.9⁽¹⁾</u>	636.2	372.3%
Total	<u><u>1,370.7</u></u>	<u><u>712.2</u></u>	658.5	92.5%

Note:

(1) The revenue of GZIFC was recorded since 9 October 2012.

The following table sets out a comparison of net property income (“NPI”) in respect of the Properties between the reporting period and the same period of previous year:

Name of Property	Net Property Income in 2013	Net Property Income in 2012	Increase/ (Decrease) in NPI compared to 2012	Increase/ (Decrease)
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	%
White Horse Building	268.7	249.4	19.3	7.7%
Fortune Plaza	53.9	49.2	4.7	9.6%
City Development Plaza	43.9	40.4	3.5	8.7%
Victory Plaza	28.9	44.6	(15.7)	(35.2)%
Neo Metropolis	<u>47.3</u>	<u>40.1</u>	7.2	18.0%
Subtotal of the original properties	442.7	423.7	19.0	4.5%
GZIFC	<u>417.7</u>	<u>83.6⁽¹⁾</u>	334.1	399.6%
Total	<u><u>860.4</u></u>	<u><u>507.3</u></u>	353.1	69.6%

Note:

(1) The revenue of GZIFC was recorded since 9 October 2012.

White Horse Building — strengthening project advantages to increase market competitiveness

The Manager actively implemented tenants optimization, and attracted dynamic and renowned business tenants by leveraging on the opportunity arising from the lease expiry of the eighth floor. This has not only strengthened the operation positioning of the White Horse market with dominance in ladies clothing, but also continuously enhanced its market competitiveness. The Manager optimized the property's quality through implementation of asset enhancement initiatives. After completion of the renovation of the shopping center on the second floor of the building in early 2013, the shopping environment improved significantly which contributed to an approximately 10% increase in rental income. The Manager strived to establish stronger relationship with tenants in response to market competition, and continued to implement effective marketing strategies. Meanwhile, efforts have been put into exploring market upgrade and in-depth study on strategic development for the long-term effective operation of the White Horse market.

Fortune Plaza — overall improvement of property image to maintain competitive edges

Fortune Plaza is customer demand-oriented with emphasis on customer contact and customer concerns. Continuous efforts have been made to improve the standards of property management and provide comprehensive and thoughtful services with attention to details, so as to effectively maintain the existing competitive advantages of the property.

City Development Plaza — actively enhancing rental value of the property through continually improving tenant mix

The rental value of City Development Plaza continued to rise due to the ongoing major value-added renovation and improving property services. Newly contracted units recorded more satisfactory rental growth which amounted to an approximately 16% increase throughout the year.

Neo Metropolis — effective management of expiring leases to stabilize resources of quality customer

The Manager put into practice effective tenancy management of the expiring leases with an area of approximately 20,000 sq.m. A renewal rate of over 96% was recorded throughout the year, of which all major tenants leasing an area of 14,000 sq.m. renewed their leases with a satisfactory 10% increase in rental. Due to the efficient performance of the management team, the rental of newly signed leases reached a new record high, achieving a significant rise in rental value of the property.

Victory Plaza — steadily promoting commercial refinement to enhance potential for rental returns

The Manager promptly seized the precious opportunity to strengthen enhancement of commercial value of the project when the business district in which the property is located underwent upgrade and transformation. Based on its accurate study and judgment of the "Fast Fashion" trend, the Manager successfully brought in UNIQLO's global flagship store. Meantime, the Manager also carried out proactive adjustment on the distribution of retail and food and beverage tenants based on new business positioning, and restructured the tenant mix on the second floor and the fifth floor. In addition, the Manager also cooperated with international commercial design firms and commenced a full-scale renovation to re-design the commercial space of the shopping center, aiming to build a clear "Fashion Shopping Center" image for Victory Plaza in the business district, as well as achieving ongoing enhancement in long-term commercial value and social prestige of the project.

Guangzhou International Finance Center — strong performance amidst challenging market conditions with occupancy rate and rental striking new record high

Facing the challenge of insufficient effective demand in the high-end office market, the Manager still managed to achieve new record high both in occupancy rate and rental through initiatives such as active solicitation of customers, expanding channels to attract merchants, customizing tenancy programs and providing quality services. The occupancy rate of the property climbed to 85% despite adverse market conditions which marked the solid benchmark position of the property in the industry. The Manager also adopted the “Breakthrough at One Point, Generate an Overall Impact” business model to gradually build up the core tenant groups of GZIFC, and succeeded in attracting Bank of America, Societe Generale SA and The British Consulate, etc., effectively driving related business enterprises to set up their offices in the property.

Affected by new policies of the government and increased market supply, high-end hotel market became stagnant and market competition intensified. Four Seasons Hotel Guangzhou responded actively to such changes, with the Manager implementing proactive pricing strategies and exploring new marketing channels to promote cooperation between owners of high-end hotels in China. The Manager successfully organized the first ever business gathering of all of the Four Seasons owners in China.

With successive entry of competitors into the serviced apartments industry and the common practice of promotion at low prices, the management of Ascott Serviced Apartments attained remarkable effect by timely adjusting the prices of certain types of apartments and initiating marketing efforts targeting potential major tenants. In 2013, the average unit rental of Ascott Serviced Apartments reached RMB189 per square meter each month, and the occupancy rate at year end reached 72.7%.

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

Capital renovation projects carried out in 2013 included renovation of the 2nd floor of White Horse Building, replacement of fan coils of White Horse Building, installation of delay devices to low voltage switches of GZIFC, safety upgrade of oil depot of GZIFC, installation of additional video surveillance devices for the parking lot of GZIFC, installation of additional air conditioners of Fortune Plaza, replacement of hydraulic elevators of City Development Plaza, and renovation of public areas on the 16th, 20th and 21st floor of City Development Plaza.

Capital renovation projects planned to be carried out in 2014 include separation of units of the office building, installation of additional fire-fighting systems in the cooling tower, installation of X-ray machines in the lobby of the office building, installation of additional Restaurant Fire Suppression Systems in the restaurant of the podium and in the kitchens of serviced apartment units, and upgrade and renovation of equipment rooms of GZIFC, and adjustment of electrical load in the podium, renovation of air conditioners and oily fume emission system, decoration and renovation of the podium, all at Victory Plaza, and renovation of the public areas of three floors of City Development Plaza.

Obtain investment-class ratings and optimise debt structure

The Manager made preparation for the grant of credit ratings in the first half of 2013. Yuexiu REIT was granted Baa2 and BBB investment-class ratings by Moody’s and Standard & Poor’s respectively. On this basis, the Manager optimised Yuexiu REIT’s debt structure through a series of measures including establishing a US\$1 billion medium-term note programme and subsequently issuing US\$350 million bonds, obtaining unsecured syndicate loan of HK\$2.85 billion and lowering the ratio of its domestic Renminbi loans.

Through the above measures, the Manager achieved its goals including developing various financing channels such as bank loans and bonds, extending the terms of debts, locking up interest rates of certain debts, lowering finance expenses, and optimised the debt structure of Yuexiu REIT. As at 31 December 2013, the weighted average ratio of Yuexiu REIT’s debt was approximately 4.77%, 0.42 percentage point lower than approximately 5.19% in the same period of 2012.

Close observation on property investment market and identification of development opportunities

In 2013, the Manager strengthened its close observation on property investment market by focusing on tracking investment opportunities in the first-tier cities in the PRC. In the meanwhile, by adhering to its objective of achieving mutual cooperation and win-win situation, it made greater effort into studying commercial properties reserve held by Yuexiu Property Company Limited (“YXP”) in order to continue expanding the scale of Yuexiu REIT and enhancing the interest of the Unitholders.

FINANCIAL REVIEW

FINANCIAL RESULTS

Both rental income and net property income of Yuexiu REIT were higher than those in 2012. The following is a summary of Yuexiu REIT financial results for the Reporting Year:

	2013	2012	% of Increase/ (Decrease)
	<i>RMB'000</i>	<i>RMB'000</i>	
Gross income	<u>1,370,653</u>	<u>712,201</u>	92.5%
Hotel and serviced apartments direct expenses	(249,444)	(61,129)	308.1%
Leasing agents fees	(29,649)	(20,569)	44.1%
Property related taxes (Note 1)	(223,493)	(120,375)	85.7%
Other property expenses (Note 2)	<u>(7,648)</u>	<u>(2,821)</u>	171.1%
Total property operating expenses	<u>(510,234)</u>	<u>(204,894)</u>	149.0%
Net property income	<u>860,419</u>	<u>507,307</u>	69.6%
Withholding tax	(50,728)	(50,187)	1.1%
Depreciation and amortisation	(144,335)	(35,151)	310.6%
Manager's fees	(99,461)	(49,756)	99.9%
Trustee fees	(7,365)	(3,453)	113.3%
Other trust expenses (Note 3)	<u>(11,948)</u>	<u>(5,054)</u>	136.4%
Total non-property expenses	<u>(313,837)</u>	<u>(143,601)</u>	118.5%
Net profit before finance expenses, finance income and income tax	546,582	363,706	50.3%
Finance income	234,722	53,752	336.7%
Finance expenses	<u>(441,431)</u>	<u>(163,827)</u>	169.4%
Net profit before income tax	339,873	253,631	34.0%
Income tax expenses	<u>(148,594)</u>	<u>(50,400)</u>	194.8%
Net profit after income tax before fair value gain on investment properties	191,279	203,231	(5.9)%
Fair value gain on investment properties	332,788	390,518	(14.8)%
Other income in relation to the acquisition of a subsidiary, net	<u>—</u>	<u>94,053</u>	N/A
Net profit after income tax before transactions with Unitholders	<u><u>524,067</u></u>	<u><u>687,802</u></u>	(23.8)%

Note 1 Property related tax included urban 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 included valuation fee, insurance premium and other expenses.

Note 3 Other trust expenses included audit fees, legal counselling fees, printing charges, unit registrar fees, listing fees, exchange differences and miscellaneous expenses.

Gross income and net property income during the Reporting Year were approximately RMB1,370.653 million (2012: RMB712.201 million) and RMB860.419 million (2012: RMB507.307 million) respectively, which represented an increase of 92.5% and 69.6% respectively while comparing with 2012.

Gross income included income from office, wholesales, retail and hotel and serviced apartments. Gross income analysis is listed in the following table.

<i>(RMB'000)</i>	2013	2012
Office	573,101	247,966
Wholesales	339,322	316,356
Retail	123,058	78,902
Hotel and serviced apartments	<u>335,172</u>	<u>68,977</u>
Total	<u>1,370,653</u>	<u>712,201</u>

Net property income amounted to approximately RMB860.419 million (2012: RMB507.307 million), representing approximately 62.8% of total gross income, after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property operating expenses. Net property income analysis is listed in the following table.

<i>(RMB'000)</i>	2013	2012
Office	441,996	193,901
Wholesales	268,749	249,424
Retail	96,522	62,598
Hotel and serviced apartments	<u>53,152</u>	<u>1,384</u>
Total	<u>860,419</u>	<u>507,307</u>

Hotel and serviced apartments direct expenses were approximately RMB249,444,000. It was mainly the operation cost incurred by hotel and serviced apartments.

Leasing agent fees increased by approximately 44.1% as compared with 2012. Office rental income from GZIFC was calculated on an annual basis in 2013, while it was calculated on a daily basis after completion of transaction of the Project in 2012.

Property related tax increased by approximately 85.7% as compared with 2012. In 2013, income from GZIFC was calculated on an annual basis, while only income from 9 October to 31 December 2012 was taken into account for 2012. As a result, taxes increased.

An increase of depreciation and amortisation charge was due to hotel and serviced apartments of GZIFC were booked as fixed assets. In 2013, depreciation and amortization charge was calculated on an annual basis while it was calculated on a daily basis after completion of transaction of the Project in 2012.

Overall, the Manager's fees increased by approximately 99.9% as a result of the increase in total assets and net property income. The Trustee fees increased by approximately 113.3% as a result of the increase in total assets. The Manager's fees and Trustee fees were calculated by virtue of increased asset value as a result of acquisition of the GZIFC Project. It was calculated on a daily basis after completion of transaction of the Project in 2012.

Due to the depreciation of Hong Kong dollar and US dollar against Renminbi for the Reporting Year, an exchange gain of RMB130,498,000 incurred from Hong Kong Dollar bank loan and US dollar Medium-Term Note Programme was added to finance income.

The finance expenses was approximately RMB441,431,000 (2012: RMB163,827,000), increased by 169.4% for the Reporting Year. In 2013, the finance expenses of GZIFC project was calculated on an annual basis, while the finance expenses from 9 October to 31 December 2012 was taken into account for 2012.

Profit after tax before transactions with Unitholders amounted to approximately RMB524,067,000 (2012: RMB687,802,000), which represented a 23.8% decrease, mainly due to the fair value gain on properties valuation for the Reporting Year being approximately RMB332,788,000, far lower than the amount of approximately RMB390,518,000 recorded for the same period of last year.

Net Asset Value

The net assets (including net assets attributable to deferred Unitholders) attributable to the existing Unitholders per unit as at 31 December 2013 was approximately RMB4.58 (2012: RMB4.57), which represented an increase of approximately 0.2%.

New Units Issued and Unit Activity

In respect of the full settlement of the Manager's fees during the relevant period, Yuexiu REIT newly issued 9,176,630 and 14,311,959 units at HK\$4.39 and HK\$3.946 on 28 March 2013 and 29 August 2013 respectively. As at 31 December 2013, a total of 2,766,698,330 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$4.91 and a low of HK\$3.68 during the Reporting Year. The average trading volume amounted to approximately 6,394,388 Units per day during the Reporting Year (2012: 5,185,811 Units).

The closing price of the Units as at 31 December 2013 was HK\$3.78, represented a discount of approximately 35.2% as compared to the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2013.

CAPITAL STRUCTURE

On 26 September 2011, Yuexiu REIT had, through its SPV's company entered into another facility agreement with certain lending banks in connection with a three-year floating rate secured term loan facility of HK\$2,502,000,000. The loan was fully drawn down on 17 October 2011. The said bank loan was fully repaid by Yuexiu REIT on 16 May 2013.

On 8 October 2012, Yuexiu REIT entered into a loan agreement with certain lending banks through its SPV's company for a three-year floating rate term loan in the amount of HK\$2,980,000,000 to pay part of the acquisition cost of the GZIFC, and part of the bank loan amounting to HK\$380,000,000 had been repaid on 10 December 2012. The remaining balance of the bank loan was fully repaid on 19 December 2013.

Due to the acquisition of GZIFC, the secured loan of approximately RMB4,500,000,000 was transferred under the name of Yuexiu REIT. RMB570,000,000 was repaid through its own funds and internal arrangement such as entrusted loan in 2013. Part of the loan amounting to RMB820,000,000 had already been repaid as of 31 December 2013.

Referring 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 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 and for general corporate working capital requirement.

On 13 December 2013, Yuexiu REIT, through its SPVs company, entered into a facility agreement with certain lending banks in connection with a three-year floating rate at HIBOR + 1.78% term loan facility of HK\$2,850,000,000. On 19 December 2013, HK\$2,650,000,000 of the loan was drawn down to repay the balance of HK\$2,600,000,000 associated with the bank loan of HK\$2,980,000,000 and for general corporate working capital requirement. The last drawn date of the remaining banking facility of HK\$200,000,000 is on 12th July 2014.

As at 31 December 2013, total borrowings of Yuexiu REIT amounted to approximately RMB7,841,894,000 (calculation of total borrowings based on bank loan and other borrowings, excluding capitalization of debt-related expenses), representing approximately 31.9% of total assets of Yuexiu REIT. The gearing ratio was below the maximum borrowing limit of 45% as stipulated in the REIT Code.

As at 31 December 2013, total liabilities of Yuexiu REIT (excluding net assets attributable to the Unitholders) amounted to approximately RMB11,796,772,000, representing approximately 48.1% of total assets of Yuexiu REIT.

CASH AND NET CURRENT ASSET POSITION

Cash and cash equivalents and short-term bank deposits of Yuexiu REIT as at 31 December 2013 amounted to approximately RMB639,786,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

The Manager has adopted a prudent approach in cash management to ensure flexibility to meet the operational needs and the distributions of Yuexiu REIT.

As at 31 December 2013, the net current asset value of Yuexiu REIT was negative, mainly due to the voluntary early repayment of some domestic loans by the Manager. Taking into account (I) the current cash position and undrawn balance of bank loans; (II) no requirement for full payment of rental deposit (current portion) due to the high occupancy rate of each project; and (III) the construction fee payable in 2014, the Manager considers that the ability of Yuexiu REIT to continue to operate on an on-going basis will not be affected.

ACCOUNTING TREATMENTS

Units recorded as Financial Liabilities; Distributions to Unitholders as Finance Costs

Pursuant to Rule 7.12 of the REIT Code and the terms of the Trust Deed, Yuexiu REIT is required to distribute to the Unitholders not less than 90% of its audited annual net income after tax (subject to certain adjustments as defined in the Trust Deed).

Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the Units contain contractual obligations to pay cash distributions and, 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.

In accordance with the Hong Kong Accounting Standards 32 ("HKAS 32"), Yuexiu REIT has, for accounting purposes, classified its Units as financial (not legal) liabilities.

On the basis of the HKAS 32, distributions to be paid to the Unitholders are represented as finance costs and are therefore presented as expenses in the consolidated statement of comprehensive income. Consequently, Yuexiu REIT has, for accounting purposes, recognised distributions as finance costs in its audited consolidated statement of comprehensive income.

The above accounting treatment does not have any impact on the net assets attributable to the Unitholders.

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 Reporting Year.

REAL ESTATE AGENTS ENGAGED BY YUEXIU REIT

During the Reporting Year, Yuexiu REIT had engaged Guangzhou Yicheng Property Management Ltd (“Yicheng”), Guangzhou White Horse Property Management Co., Ltd (“White Horse PM”) and Guangzhou Yue Xiu Asset Management Company Limited (“GZYXAM”) (collectively, “Leasing Agents”) to provide designated leasing, marketing, tenancy management and property management services to the Properties.

During the Reporting Year, Yuexiu REIT paid service fees to Yicheng, White Horse PM and GZYXAM in the amounts of RMB8,971,000, RMB10,180,000 and RMB10,498,000 respectively.

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 Reporting Year, there was no repurchase, sale or redemption of Units by Yuexiu REIT or its subsidiaries.

EMPLOYEES

As at 31 December 2013, Yuexiu REIT employed 692 and 114 employees in China for hotel operation through its branch companies and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of services for hotel and serviced apartments.

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

REVIEW OF FINANCIAL RESULTS

The final results of Yuexiu REIT for the Reporting Year have been reviewed by the Disclosures Committee, Audit Committee of the Manager and the independent auditor of Yuexiu REIT.

CORPORATE GOVERNANCE

The Manager has adopted an overall corporate governance framework that is designed to promote the best operation of Yuexiu REIT in a transparent manner with internal audit and controls to evaluate the performance of the Manager, and consequently achieved the success of Yuexiu REIT.

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

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

AMENDMENT OF CONSTITUTIONAL DOCUMENTS

For enhancement of corporate governance, the Manager has amended its Articles and Compliance Manual so that: (a) at least half of the Board shall comprise INEDs; (b) any person appointed to be an INED either to fill a casual vacancy or as an additional Director shall hold office only until the next general meeting of the REIT and shall then be eligible for re-election at that meeting; and (c) the re-election of any INED referred to in (b), shall be approved by Unitholders by way of Ordinary Resolution.

ISSUANCE OF ANNUAL REPORT

The annual report of Yuexiu REIT for the Reporting Year will be dispatched to the Unitholders on or before 30 April 2014.

ANNUAL GENERAL MEETING

The Manager proposed that the annual general meeting of Yuexiu REIT for the Reporting Year to be held on 14 May 2014. Notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 RMB'000	2012 RMB'000
Revenue	3	1,370,653	712,201
Operating expenses	4	(824,071)	(348,495)
Fair value gain on investment properties		332,788	390,518
Finance income		234,722	53,752
Finance expenses	5	(441,431)	(163,827)
Other income in relation to the acquisition of a subsidiary, net		—	94,053
Profit before income tax and transactions with unitholders		672,661	738,202
Income tax expense	6	(148,594)	(50,400)
Profit after income tax before transactions with unitholders		524,067	687,802
Transactions with unitholders	12	(631,117)	(692,312)
Loss after income tax after transactions with unitholders		(107,050)	(4,510)
Other comprehensive income for the year :			
Items that may be reclassified to profit or loss			
Change in fair value of property, plant and equipment, net of tax			
- Gross		149,656	8,139
- Tax		(41,925)	(1,896)
Other comprehensive income for the year, net of tax		107,731	6,243
Total comprehensive income for the year		681	1,733

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Attributable to				Total RMB'000
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (Note 12) RMB'000	Unitholders after transactions with unitholders RMB'000	Non - controlling interests RMB'000	
Profit/(loss) for the year ended 31 December 2012	686,473	(692,312)	(5,839)	1,329	(4,510)
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	<u>5,839</u>	<u>—</u>	<u>5,839</u>	<u>404</u>	<u>6,243</u>
Total comprehensive income for the year ended 31 December 2012	<u><u>692,312</u></u>	<u><u>(692,312)</u></u>	<u><u>—</u></u>	<u><u>1,733</u></u>	<u><u>1,733</u></u>
Profit/(loss) for the year ended 31 December 2013	524,553	(631,117)	(106,564)	(486)	(107,050)
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	<u>106,564</u>	<u>—</u>	<u>106,564</u>	<u>1,167</u>	<u>107,731</u>
Total comprehensive income for the year ended 31 December 2013	<u><u>631,117</u></u>	<u><u>(631,117)</u></u>	<u><u>—</u></u>	<u><u>681</u></u>	<u><u>681</u></u>

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010 and third supplemental deed on 25 July 2012 (the “Trust Deed”), Yuexiu REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial year. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders’ proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders’ funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders’ funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the 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 attributable to unitholders and the average number of units in issue, is presented in Note 7.

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013**

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		2,342,284	2,287,311
Land use rights		1,626,394	1,675,679
Investment properties		18,605,000	18,264,000
Deferred assets		142,487	116,497
Goodwill		160,324	160,324
Top-up payment asset, non-current portion		109,959	232,448
		<u>22,986,448</u>	<u>22,736,259</u>
Current assets			
Inventories		3,607	3,971
Trade receivables	8	10,971	11,291
Amounts due from related parties		766,523	987,679
Tax recoverable		1,360	1,935
Prepayments, deposits and other receivables	9	27,001	24,756
Top-up payment asset, current portion		113,844	209,200
Short-term bank deposits		—	125,000
Cash and cash equivalents		639,786	774,021
		<u>1,563,092</u>	<u>2,137,853</u>
Total assets		<u>24,549,540</u>	<u>24,874,112</u>
Current liabilities			
Trade payables	10	12,935	8,677
Rental deposits, current portion	11	102,049	73,289
Receipts in advance	11	48,681	24,839
Accruals and other payables	11	1,201,283	1,408,820
Amounts due to related parties		68,141	46,290
Borrowings		300,000	300,000
		<u>1,733,089</u>	<u>1,861,915</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013**

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	11	115,456	121,431
Borrowings		7,541,894	8,057,636
Deferred tax liabilities		2,406,333	2,226,428
		<u>10,063,683</u>	<u>10,405,495</u>
Total liabilities, other than net assets attributable to unitholders			
		11,796,772	12,267,410
Net assets attributable to unitholders	12	12,669,468	12,524,083
Total liabilities		<u>24,466,240</u>	<u>24,791,493</u>
Net assets		<u>83,300</u>	<u>82,619</u>
Equity			
Revaluation reserve		112,403	5,839
Retained earnings		(112,403)	(5,839)
		—	—
Non-controlling interests		83,300	82,619
Total equity		<u>83,300</u>	<u>82,619</u>
Net current (liabilities)/assets		<u>(169,997)</u>	<u>275,938</u>
Total assets less current liabilities		<u>22,816,451</u>	<u>23,012,197</u>
Units in issue ('000)	12	<u>2,766,698</u>	<u>2,743,210</u>
Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)		<u>RMB4.58</u>	<u>RMB4.57</u>
Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)		<u>RMB3.81</u>	<u>RMB3.79</u>

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 RMB'000	2012 RMB'000
Profit after income tax before transactions with unitholders attributable to unitholders		524,553	686,473
Adjustments for the total distributable income (i)			
- Fair value gains on investment properties		(332,788)	(390,518)
- Deferred taxation in respect of fair value gain on investment property charged to the consolidated statement of comprehensive income		41,688	28,522
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		(276,134)	(33,206)
- Foreign exchange gain on financing activities		(130,498)	(18,255)
- Excess of the fair value of net liabilities of a subsidiary acquired over acquisition cost		—	(290,477)
Total distributable income		(173,179)	(17,461)
Additional items (ii)			
- Cash received and/or receivable according to the Deed of Top-up Payments		165,812	129,700
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		276,134	28,091
- Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards ("HKFRS")		144,335	35,151
- Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		77,803	3,363
- Manager's fee paid and payable in units in lieu of cash		99,461	32,036
- Expenses incurred in connection with the acquisition of a subsidiary		—	196,424
- Amortisation of loan transaction costs due to early repayment of borrowings		24,055	—
- Interest income and fair value gain from top-up payment asset		(15,823)	(3,861)
Distributable income after additional items		598,598	403,443
Distributable amount at 1 January		284,658	113,170
Distributions paid during the year (iii)	12	(563,203)	(275,075)
Add: special distribution paid during the year		—	43,120
Final distribution declared		320,053	284,658
		RMB	RMB
Distribution per unit, declared (iv)		0.1157	0.1037

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

Note:

- (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 year.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the “Manager”) intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) A final distribution for the period from 1 July 2012 to 31 December 2012 of RMB0.1034 (equivalent to HK\$0.1278) per unit and interim distribution for the period from 1 January 2013 to 30 June 2013 of RMB0.1007 (equivalent to HK\$0.1266) per unit, totalling RMB563,203,000 (equivalent to HK\$702,019,000) (2012: RMB275,075,000, equivalent to HK\$338,075,000), were paid to unitholders on 14 May 2013 and 24 October 2013 respectively.
- (iv) A final distribution for the period from 1 July 2013 to 31 December 2013 of RMB0.1157 (equivalent to HK\$0.1465) per unit, totaling RMB320,053,000 (equivalent to HK\$405,295,000) was declared by the Board of the Manager on 13 March 2014.

**CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND
CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<u>Equity</u>				
	Net assets attributable to unitholders	Retained earnings	Revaluation reserve	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	5,095,264	—	—	—	5,095,264
Issuance of units	4,882,001	—	—	—	4,882,001
Issuance of deferred units	2,129,581	—	—	—	2,129,581
Acquisition of a subsidiary	—	—	—	80,886	80,886
Profit/(loss) for the year ended 31 December 2012 attributable to:					
- Unitholders	692,312	—	—	—	692,312
- Equity holders	—	(5,839)	—	1,329	(4,510)
Distributions paid to unitholders	(275,075)	—	—	—	(275,075)
Change in fair value of property, plant and equipment, net of tax	—	—	5,839	404	6,243
At 31 December 2012	<u>12,524,083</u>	<u>(5,839)</u>	<u>5,839</u>	<u>82,619</u>	<u>12,606,702</u>
At 1 January 2013	12,524,083	(5,839)	5,839	82,619	12,606,702
Issuance of units	77,471	—	—	—	77,471
Profit/(loss) for the year ended 31 December 2013 attributable to:					
- Unitholders	631,117	—	—	—	631,117
- Equity holders	—	(106,564)	—	(486)	(107,050)
Distributions paid to unitholders	(563,203)	—	—	—	(563,203)
Change in fair value of property, plant and equipment, net of tax	—	—	106,564	1,167	107,731
At 31 December 2013	<u>12,669,468</u>	<u>(112,403)</u>	<u>112,403</u>	<u>83,300</u>	<u>12,752,768</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013	2012
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	749,721	223,767
Interest paid	(405,648)	(145,465)
Corporate income tax paid	(10,039)	(6,932)
Top-up payment received	233,668	—
Net cash generated from operating activities	567,702	71,370
Cash flows from investing activities		
Additions of investment properties	(8,212)	(12,482)
Additions of property, plant and equipment	(367)	—
Interest received	88,401	31,636
Decrease in short-term bank deposits with original maturity of more than three months	125,000	50,111
Acquisition of a subsidiary	—	(4,680,286)
Net cash generated from/(used in) investing activities	204,822	(4,611,021)
Cash flows from financing activities		
Distributions paid	(563,203)	(275,075)
Proceeds from borrowings, net of transaction costs	4,202,491	2,437,877
Repayment of bank borrowings	(4,623,518)	(554,018)
Issuance of units	77,471	3,184,238
Net cash (used in)/generated from financing activities	(906,759)	4,793,022
Net (decrease)/increase in cash and cash equivalents	(134,235)	253,371
Cash and cash equivalents at beginning of the year	774,021	520,650
Cash and cash equivalents at end of the year	639,786	774,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Manager on 13 March 2014.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Yuexiu REIT have been prepared in accordance with HKFRS, the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the Code on Real Estate Investment Trusts (the “REIT Code”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of the investment properties and hotel and serviced apartment, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Group’s accounting policies.

At 31 December 2013, the Group’s current liabilities exceed its current assets by RMB169,997,000 (31 December 2012: Net current assets of RMB275,938,000), mainly due to accelerated repayment of bank borrowings in 2013. Taking into account the undrawn banking facilities of HK\$200 million as at year end, the stable operating cash inflow from rental income and the unlikelihood repayment of current rental deposits, the Manager considers the Group’s liquidity and financial position as a whole is healthy and has a reasonable expectation that the Group has adequate resources to meet its liabilities and commitments (principally relating to the final 2013 distribution) as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, the Manager continues to adopt the going concern basis in preparing the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) New and amended standards

HKAS 1 (Amendment)	Financial statements presentation
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investment in associates and joint ventures
HKFRS 1 (Amendment)	First time adoption — Government loans
HKFRS 7 (Amendment)	Financial instruments : Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 10 and HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosures of Interest in Other Entities: Transitional Guidance
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurements
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine
Annual Improvement Project	Annual improvements 2009-2011 cycle

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

- (ii) New standards and amendments, revisions and interpretation to existing standards have been issued but are not effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 19 (2011) (Amendment)	Defined Benefit Plans : Employee Contributions	1 July 2014
HKAS 32 (Amendment)	Financial instruments : Presentation — Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HKFRS 9	Financial instruments	1 January 2015 ⁽¹⁾
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HK(IFRIC) — Int 21	Levies	1 January 2014
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 finished.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Revenue and segment information

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

The executive directors consider the business by nature of business activities and assess the performance of hotel and service apartment, 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 consolidated financial statements.

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.

	Hotel and serviced apartment RMB'000	Office rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
Year ended 31 December 2013				
Revenue from external customers	<u>335,172</u>	<u>573,101</u>	<u>462,380</u>	<u>1,370,653</u>
Segment results	<u>255,093</u>	<u>344,149</u>	<u>344,989</u>	<u>944,231</u>
Depreciation and amortisation	142,308	2,027	—	144,335
Fair value gain on investment properties	<u>—</u>	<u>162,242</u>	<u>170,546</u>	<u>332,788</u>
Year ended 31 December 2012				
Revenue from external customers	<u>68,977</u>	<u>247,966</u>	<u>395,258</u>	<u>712,201</u>
Segment results	<u>(22,503)</u>	<u>386,751</u>	<u>486,994</u>	<u>851,242</u>
Depreciation and amortisation	34,460	681	10	35,151
Fair value gain on investment properties	<u>—</u>	<u>159,854</u>	<u>230,664</u>	<u>390,518</u>
As at 31 December 2013				
Total reportable segments' assets	<u>4,615,293</u>	<u>14,529,027</u>	<u>5,231,764</u>	<u>24,376,084</u>
As at 31 December 2012				
Total reportable segments' assets	<u>4,892,058</u>	<u>14,896,971</u>	<u>4,856,177</u>	<u>24,645,206</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Revenue and segment information (Continued)

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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Segment results	944,231	851,242
Unallocated operating costs (Note)	(64,861)	(97,018)
Operating profit	<u>879,370</u>	<u>754,224</u>
Finance income	234,722	53,752
Finance expenses	(441,431)	(163,827)
Other income in relation to the acquisition of a subsidiary, net	—	94,053
Profit before income tax and transactions with unitholders	<u>672,661</u>	<u>738,202</u>

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

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

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Total reportable segments' assets	24,376,084	24,645,206
Tax recoverable	1,360	1,935
Corporate assets	172,096	226,971
Total assets	<u>24,549,540</u>	<u>24,874,112</u>

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
China	<u>1,370,653</u>	<u>712,201</u>	24,376,084	24,645,206
Unallocated assets			<u>173,456</u>	<u>228,906</u>
			<u>24,549,540</u>	<u>24,874,112</u>

The Group's revenue by nature is as follows:

	2013	2012
	RMB'000	RMB'000
Hotel and serviced apartments operations		
Room rentals	170,102	25,686
Food and beverages	154,276	41,297
Property rentals	1,015,481	633,223
Others	30,794	11,995
	<u>1,370,653</u>	<u>712,201</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Expenses by nature

	2013 RMB'000	2012 RMB'000
Property management fees (i)	29,649	20,569
Employee benefit expenses	102,584	26,059
Urban real estate tax	137,367	79,825
Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	84,068	39,012
Withholding tax (ii)	50,728	50,187
Depreciation of property, plant and equipment	95,050	22,830
Amortisation of land use rights	49,285	12,321
Cost of inventories sold or consumed in operation	52,100	10,746
Other direct expenses on hotel and serviced apartments	94,760	21,227
Manager's fee	99,461	49,756
Trustee's fee	7,365	3,453
Valuation fees	908	470
Legal and professional fee	3,038	245
Auditor's remuneration	3,100	2,500
Bank charges	926	1,825
Others	13,682	7,470
Total operating expenses	<u>824,071</u>	<u>348,495</u>

Note:

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

5 Finance expenses

	2013 RMB'000	2012 RMB'000
Interest expense for borrowings	405,648	145,465
Amortisation of transaction costs for borrowings	35,783	18,362
	<u>441,431</u>	<u>163,827</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Income tax expense

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

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 4 (ii).

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

	2013 RMB'000	2012 RMB'000
Current income tax		
- China corporate income tax	10,380	8,954
- Under-provision in prior years	234	226
Deferred income tax	<u>137,980</u>	<u>41,220</u>
	<u>148,594</u>	<u>50,400</u>

The tax on the Group's profit before income tax and transactions with unitholders differs from the theoretical amount that would arise using the corporate income tax rate of China as follows:

	2013 RMB'000	2012 RMB'000
Profit before income tax and transactions with unitholders	<u>672,661</u>	<u>738,202</u>
Tax calculated at domestic tax rate of 25%	168,165	184,550
Income not subject to tax	(147,034)	(175,522)
Expenses not deductible for tax purposes	102,786	34,953
Under-provision in prior years	234	226
Withholding tax on unremitted earnings of subsidiaries	<u>24,443</u>	<u>6,193</u>
	<u>148,594</u>	<u>50,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 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 year.

	2013	2012
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>524,553</u>	<u>686,473</u>
Weighted average number of units in issue ('000)	<u>2,755,126</u>	<u>1,438,449</u>
Basic earnings per unit (RMB)	<u>0.19</u>	<u>0.48</u>

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the year 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 31 December 2013.

	2013	2012
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>524,553</u>	<u>686,473</u>
Weighted average number of units in issue ('000)	<u>2,755,126</u>	1,438,449
Adjustments for deferred units ('000)	<u>733,280</u>	168,294
Adjustments for manager's fee in form of units ('000)	<u>9,178</u>	5,365
Weighted average number of units for diluted earnings per unit ('000)	<u>3,497,584</u>	<u>1,612,108</u>
Diluted earnings per unit (RMB)	<u>0.15</u>	<u>0.43</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Trade receivables

	2013	2012
	RMB'000	RMB'000
Trade receivables	<u>10,971</u>	<u>11,291</u>

The carrying amounts of trade receivables approximate their fair values.

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

	2013	2012
	RMB'000	RMB'000
0 - 30 days	2,004	9,051
31 - 90 days	8,211	1,325
91 - 180 days	267	915
181 - 365 days	—	—
Over 1 year	<u>489</u>	<u>—</u>
	<u>10,971</u>	<u>11,291</u>

As at 31 December 2013, trade receivables of approximately RMB10,971,000 (2012: RMB11,291,000) were fully performing.

As at 31 December 2013, no trade receivables (2012: nil) were past due.

The Group's trade receivables are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 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.

10 Trade payables

	2013	2012
	RMB'000	RMB'000
Trade payables	<u>12,935</u>	<u>8,677</u>

The carrying amounts of trade payables approximate their fair values.

The ageing analysis of the trade payables is as follows:

	2013	2012
	RMB'000	RMB'000
0 - 30 days	8,571	7,762
31 - 90 days	4,189	829
91 - 180 days	117	86
181 - 365 days	<u>58</u>	<u>—</u>
	<u>12,935</u>	<u>8,677</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Rental deposits, receipts in advance, accruals and other payables

	2013 RMB'000	2012 RMB'000
Rental Deposits		
Current portion	102,049	73,289
Non-current portion	<u>115,456</u>	<u>121,431</u>
	<u>217,505</u>	<u>194,720</u>
	-----	-----
Receipts in advance	<u>48,681</u>	24,839
	-----	-----
Provision for withholding tax payable	7,903	7,518
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	5,887	11,318
Construction fee payable	1,097,022	1,287,907
Accruals for operating expenses	<u>90,471</u>	<u>102,077</u>
Accruals and other payables	<u>1,201,283</u>	<u>1,408,820</u>
	<u>1,467,469</u>	<u>1,628,379</u>
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The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate their fair values.

Majority of the Group's rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Net assets attributable to unitholders

	2013	2012
	RMB'000	RMB'000
At 1 January	12,524,083	5,095,264
Issuance of units	77,471	4,882,001
Issuance of deferred units	—	2,129,581
Transfer from the consolidated statement of comprehensive income	631,117	692,312
Distributions paid during the year	<u>(563,203)</u>	<u>(275,075)</u>
At 31 December	<u>12,669,468</u>	<u>12,524,083</u>
	2013	2012
	RMB'000	RMB'000
Net assets attributable to existing unitholders	10,539,887	10,394,502
Net assets attributable to deferred unitholder (Note)	<u>2,129,581</u>	<u>2,129,581</u>
	<u>12,669,468</u>	<u>12,524,083</u>

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 31 December 2013 was 733,280,000 units (31 December 2012 : 733,280,000 units).

The movement of units is as below:

	2013	2012
	'000	'000
At 1 January	2,743,210	1,065,973
Units issued during the year (Note)	<u>23,488</u>	<u>1,677,237</u>
At 31 December	<u>2,766,698</u>	<u>2,743,210</u>

Note

During the year, 23,488,000 units were issued for the payment of manager's fee. In 2012, 1,677,237,000 Units were issued for the acquisition of a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Capital commitments

	2013 RMB'000	2012 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	8,336	8,298
Authorised but not contracted for	<u>51,810</u>	<u>—</u>
	<u>60,146</u>	<u>8,298</u>

14 Future minimum rental receivable

At 31 December 2013, the Group had future minimum rental receivable under non-cancellable leases as follows:

	2013 RMB'000	2012 RMB'000
Within one year	933,480	913,385
Between one year and five years	1,334,683	1,606,098
Over five years	<u>598,874</u>	<u>785,844</u>
	<u>2,867,037</u>	<u>3,305,327</u>

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

Hong Kong, 13 March 2014

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

Executive Director: Mr. Liu Yongjie

Non-executive Director: Mr. Li Feng

Independent Non-executive Directors: Messrs. Chan Chi On, Derek, Lee Kwan Hung, Eddie and Chan Chi Fai, Brian.