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**(Stock code: 00405)**

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## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The board of directors (the “Board”) of Yuexiu REIT Asset Management Limited (the “Manager”) is pleased to announce the unaudited interim results of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) for the six months ended 30 June 2015 (the “Interim Period”) as follows:

### **FINANCIAL HIGHLIGHTS**

The following is a summary of Yuexiu REIT’s financial results during the 2015 Interim Period and the 2014 Interim Period:

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

	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2015</b>	<b>2014</b>	<b>Increase %</b>
Gross Income	790,391,000	745,044,000	6.1%
Net property income	495,220,000	463,505,000	6.8%
Profit after tax	545,028,000	254,882,000	113.8%
Interim distribution	341,749,000	324,143,000	5.4%
Earnings per unit	0.1936	0.0913	112.0%
Distribution per unit	0.1213	0.1157	4.8%
Equivalent to HK\$	0.1537	0.1456	5.6%

	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>Change Increase %</b>
Portfolio valuation	24,063,500,000	23,569,000,000	2.10%
Net assets attributable to Unitholders	13,447,127,000	13,141,954,000	2.32%
Net assets (including net assets attributable to deferred Unitholders) attributable to existing Unitholders per unit	4.78	4.69	1.92%

## **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 2015 Interim Period of approximately RMB0.1213 which is equivalent to HK\$0.1537 (June 2014: approximately RMB0.1157 which is equivalent to HK\$0.1456) per unit. Such interim distribution per unit, however, is subject to adjustment upon the issuance of new units between 1 July 2015 and the record date for the interim distribution. Further announcement will be made to inform Unitholders of the interim Distribution per Unit for the six months ended 30 June 2015.

The 2015 interim distribution amounted to approximately RMB341,749,000 which is equivalent to HK\$432,708,000 (June 2014: approximately RMB324,143,000 which is equivalent to HK\$407,723,000).

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 RMB341,216,000 includes certain profit elements in the capital nature of Yuexiu REIT. The total amount of capital nature items is RMB85,664,000.

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 in accordance with what 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 2015 Interim Period is HK\$0.1537 (2014: HK\$0.1456) per unit, represents a yield of approximately 3.60% (2014: 3.90%) based on the closing price of HK\$4.27 per unit as at 30 June 2015 (30 June 2014: HK\$3.75). This represents an annualized distribution yield of 7.20%.

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

The record date for the interim distribution will be 17 September 2015. The register of Unitholders will be closed from 17 September 2015 to 18 September 2015, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 16 September 2015. The 2015 interim distribution will be paid on 28 October 2015 to the Unitholders whose names appear on the register of Unitholders on 17 September 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Steady growth in operating results**

In the first half of 2015, the macro-economy of China continued undergoing a slow growth. In order to maintain the interest of the Unitholders, Yuexiu REIT continued to implement active and stable asset management strategies, with favorable results attained by all of its properties consistently, thereby further fostering the capability to preserve and enhance the value of properties, and establishing a solid foundation for future income growth and long-term development of Yuexiu REIT.

#### **Property Portfolio**

As at 30 June 2015, 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 441,298.0 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 area).

#### **Property Valuation**

According to a revaluation performed by an independent professional valuer, Vigers Appraisal and Consulting Limited, on the portfolio of properties of Yuexiu REIT, the revalued market valuation as at 30 June 2015 was approximately RMB24,064 million, representing an increase of RMB495 million or 2.1% over the valuation as at 31 December 2014.

The following table summarizes the valuation of each of the properties as at 30 June 2015 and 31 December 2014:

Name of property	Valuation as at	Valuation as at	Increase %
	30 June 2015 <i>RMB million</i>	31 December 2014 <i>RMB million</i>	
White Horse Building	4,600	4,300	7.0%
Fortune Plaza	868	853	1.8%
City Development Plaza	731	710	3.0%
Victory Plaza	820	815	0.6%
Neo Metropolis	834	825	1.1%
GZIFC	<u>16,211</u>	<u>16,066</u>	0.9%
Total	<u><u>24,064</u></u>	<u><u>23,569</u></u>	2.1%

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

Name of property	Type	Location	Year of Completion	Area of Ownership <i>(sq.m.)</i>	Total Rental Area <i>(sq.m.)</i>	Property Occupancy	
						Rate <sup>(1)</sup>	Unit Rent <sup>(1)</sup> <i>(RMB/sq.m./ month)</i>
White Horse Building	Wholesale shopping mall	Yuexiu District	1990	50,199.3	50,128.9	100.00%	636.34
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	99.64%	145.26
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	96.90%	126.66
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	99.82%	177.80
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3 <sup>(2)</sup>	98.89% <sup>(2)</sup>	106.21
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.9 <sup>(3)</sup>	94.76% <sup>(3)</sup>	201.06
Including:	Grade A office			267,804.4	183,539.6 <sup>(3)</sup>	93.68% <sup>(3)</sup>	231.31
	Retail shopping mall			46,989.2	46,727.3	99.01%	88.61
	Hotel			91,460.9 <sup>(4)</sup>	N/A	N/A	N/A
	Serviced apartments			<u>51,102.3</u>	<u>N/A</u>	N/A	N/A
Total				<u><u>680,971.1</u></u>	<u><u>441,298.0</u></u>	96.80%	227.17

*Note:*

- (1) As at 30 June 2015;
- (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 area.
- (4) Including 2,262.0 sq.m. of hotel ancillary facilities and refuge floor area .

## Occupancy rate stayed at high level

As at 30 June 2015, the overall occupancy rate of the properties was approximately 96.80%. The occupancy rate of the original five properties was 99.02%, representing an increase of 2.52 percentage points as compared to 96.5% recorded in the corresponding period of the previous year, and continued to operate at a high level. Consolidated occupancy rate of GZIFC was 94.76%, of which occupancy rate of offices was 93.68%, and occupancy rate of retail shopping mall was 99.01%.

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 2015	Occupancy rate as at 30 June 2014	Percentage increase as compared to 30 June 2014
White Horse Building	100.00%	99.94%	0.06%
Fortune Plaza	99.64%	98.48%	1.16%
City Development Plaza	96.90%	96.65%	0.25%
Victory Plaza	99.82%	86.43%	13.39%
Neo Metropolis	98.89%	96.80%	2.09%
Sub-total of original projects	99.02%	96.50%	2.52%
GZIFC offices	93.68%	88.75%	4.93%
GZIFC shopping mall	99.01%	98.37%	0.64%
Sub-total of GZIFC	94.76%	90.71%	4.05%
Total	96.80%	93.48%	3.32%

Operational Property	Type	Commencement of operation	Area of Ownership (sq.m.)	Number of Units (units)	Average Occupancy Rate <sup>(1)</sup>	Average Rent <sup>(1)</sup> (RMB/room/night)
Four Seasons Hotel Guangzhou <sup>(2)</sup>	Five-star hotel	August 2012	91,460.9	344	68.6%	1,950

*Note:*

(1) From 1 January 2015 to 30 June 2015.

(2) The hotel is an entrusted operation.

Operational Property	Type	Commencement of operation	Area of Ownership (sq.m.)	Number of units (units)	Occupancy rate <sup>(1)</sup>	Unit Rent <sup>(1)</sup> (RMB/sq.m./month)
Ascott Serviced Apartments <sup>(2)</sup>	High-end serviced apartments	September 2012	51,102.3	314	92.4%	190

Notes:

- (1) From 1 January 2015 to 30 June 2015.  
(2) The service apartments are entrusted operations.

### Revenue continued to increase

During the Interim Period of 2015, the properties of Yuexiu REIT realized total revenue of approximately RMB790.4 million, representing a 6.1% 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 24.8%, 4.5%, 3.8%, 4.0%, 4.0% and 58.9% respectively.

No bad debt was recorded during the Interim Period.

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

Name of property	Revenue for 2015 Interim Period RMB million	Revenue for 2014 Interim Period RMB million	Increase as compared to 2014 Interim Period RMB million	Increase in revenue from properties %
White Horse Building	196.3	177.7	18.6	10.5%
Fortune Plaza	35.2	34.1	1.1	3.2%
City Development Plaza	29.8	29.7	0.1	0.3%
Victory Plaza	31.3	22.5	8.8	39.1%
Neo Metropolis	<u>32.0</u>	<u>31.0</u>	<u>1.0</u>	3.2%
Sub-total of original projects	324.6	295.0	29.6	10.0%
GZIFC	<u>465.8</u>	<u>450.0</u>	<u>15.8</u>	3.5%
Total	<u>790.4</u>	<u>745.0</u>	<u>45.4</u>	6.1%

### **White Horse Building — continued to transform, upgrade and enhanced market competitiveness**

During the first half of the year, the Manager refurbished and renovated the lobby on the first floor and the public area of some passages at White Horse Building, which further elevated the business environment and overall image of the property. Meanwhile, the Manager conducted an extensive market research, smoothly completed the lease renewal of the third floor upon its expiry and recorded a reasonable rental increase of 6%. In respect of marketing, the Manager organized the prominent and branded customers of White Horse to participate in the Shanghai Fair of China International Fashion and Accessories Expo 2015, which further expanded the marketing channels of the White Horse apparel brand, the Manager also organized the national circuit tour of the White Horse apparel brand in Linyi, Shandong Province, aiming at continuously expanding the influence of White Horse. In addition, the Manager actively utilized marketing approaches from new media, such as apparel website of White Horse and WeChat account, which focused on establishing an O2O e-commerce service platform for White Horse merchants, and consolidating their leading competitive position in the industry.

### **Fortune Plaza, City Development Plaza, Neo Metropolis — strengthened customer loyalty, continuously raised rentals of projects**

Fortune Plaza, City Development Plaza and Neo Metropolis projects continued to focus on implementing active leasing and customer relationship management strategies to strengthen customer loyalty of such buildings and improve the rental value of properties continuously. The Manager continued to improve customer satisfaction and loyalty by paying daily visits to customers and regularly organizing distinctive community cultural activities. In particular, some activities, such as “Lecture on Children’s Financial Quotient”, “Say No to Cigarette” and “Recovery of Used Batteries”, were held at the Fortune Plaza, City Development Plaza and Neo Metropolis respectively, which further strengthened and improved customer relationship. Leveraging on the good customer relationship, strong communication and negotiation capability, as well as the proactive lease renewal policies, the Manager stabilized the premium tenants of such buildings, and thus Fortune Plaza, City Development Plaza and Neo Metropolis recorded a renewal rate of 67%, 80% and 85% respectively. By means of flexible and effective leasing management strategies, the projects of Fortune Plaza, City Development Plaza and Neo Metropolis maintained stable operation with a high occupancy rate and continuously increasing the rental level.



### **Victory Plaza — deepened the positioning adjustment and increased the innovative marketing efforts**

In September of the previous year, Victory Plaza used the brand new commercial brand image “VT101” to launch its grand opening, together with the impressive opening of several premium brand tenants such as UNIQLO, the flagship shop in South China, Adidas and TanYu. The brand positioning of “VT101” at “Fashion”, “Lohas” and “Ecology”, which was popular with the general young consumer groups, received warm reception since its opening. It was awarded “Top 10 Shopping Center in Guangzhou in 2014” by Guangzhou General Chamber of Commerce. In order to deepen the brand image of “VT101”, during the first half of the year, the Manager put emphasis on the positioning of “Fast Fashion Experiencing Center” of the mall, carried out commercial structural adjustment in some areas on the third, fifth and sixth floors, actively introduced a catering shop featuring specialty cuisine, “Nice to Meet You” and another restaurant presenting premium cuisine, “KeYu”, which enhanced the brand awareness and property value of “VT101”. In the meantime, the Manager continued to innovate in marketing approaches, increased the promotion efforts on the commercial brand of “VT101”, organized a series of large-scale innovative marketing activities, including “Goddess Festival” and “Mushroom Street and Buyer Street”. The customer flow of such shopping mall significantly increased due to the marketing mode of online and offline interactions.

### **Guangzhou International Finance Center — the office building recorded stable growth in operating results, the shopping podium actively formulated adjustment plans**

In respect of the office building of Guangzhou International Finance Center, facing market competition from the Grade A office buildings in Zhujiang New Town, the Manager achieved excellent operating results by implementing active and prudent policies and measures. In order to tackle the competition impact brought by future new projects in the market, the Manager prioritized the work of lease renewal and implemented flexible leasing measures by renewing leases in advance with quality tenants of the building, thus achieving a renewal rate of 79% in the first half of the year. Meanwhile, the Manager successfully introduced various quality customers, including “the Consulate General of the Republic of Colombia”, “Wing Lung Bank”, “Bank of Taiwan”, “Bank of Beijing” and “Orient Thai Airlines”, by leveraging on refined leasing strategies and strong resources integration capabilities. The Manager also procured several premium customers, including “Harvest Fund” and “Guangzhou Chengfa Capital Co. Ltd. (a State-owned fund)” to expand their leasing space. In respect of customer relationship management, the Manager continued to

hold social activities for tenants, publicity and promotion of project brands. Through the establishment of the WeChat social platform, the Manager held interactive activities such as the “M-zone Photography Exhibition”, so as to further maintain and enhance customer relationship and increase the recognition of our project brands.

With respect to the shopping podium of Guangzhou International Finance Center, the Manager actively studied the development trend of the retail mall segment in view of the declining profit and weakening growth in sales in the department store industry. After in-depth analysis and research, the Manager considered that the current department store operations of the IFC mall would need to be further upgraded and optimized, and the single business mode of department store could not meet the diverse demands of the project complex. In order to enhance the commercial value and ancillary service capabilities of the shopping podium of Guangzhou International Finance Center, the Manager needed to take the initiative in adjusting the business structure of the shopping podium and the brand portfolio of the department store. After conducting sufficient research and analysis of the domestic retail industry, the department store industry and regional customer base, the Manager positioned the mall based on the theme of “business + lifestyle” taking into account the characteristics of the regional customer base which was mainly comprised of white collar and business people. In the first half of the year, the Manager actively negotiated with Friendship Department Store after the positioning had been defined, both parties unanimously agreed on the optimization and adjustment proposal. Friendship Department Store would upgrade and optimize the brand portfolio of Friendship Store in GZIFC by leveraging on the competitive advantage of its own brand and industry experience, while the Manager would transform some space of the shopping mall by increasing the proportion of food and beverages, lifestyle and retail-related businesses. This adjustment had reduced the floor area of the Friendship Department Store and incurred a one-off non-cash rental reduction. In the second half of the year, the Manager will fully propel and organize the implementation of the adjustment plan.

In the first half of the year, the supply in the hotel and apartment market was relatively stable in Guangzhou. Despite slight fluctuation, the market delivered an overall stable and good performance. Through real-time monitoring of the room rate levels and establishment of the market data benchmark analysis system, the Manager actively and effectively monitored the operating conditions of Four Seasons Hotel and Ascott Serviced Apartments. By conducting multi-channel marketing and offering preferential accommodation package services during peak seasons, Four Seasons Hotel achieved an expected growth in occupancy rate and a significant increase in operating income. Four Seasons Hotel achieved excellent operating performance, with its average occupancy rate, average room rate and Revenue Per

Available Room (“RevPAR”) being 1.3 percentage points, 42.3% and 45.2% respectively higher than those of its direct competitors. Ascott Serviced Apartments implemented active customer management policies and held “Fabulous 5” customer appreciation feasts to improve customer experience and strengthen customer relationship. Meanwhile, Ascott Serviced Apartments also adopted diverse leasing policies and optimized its tenancy tenure structure. Ascott Serviced Apartments achieved good operating performance, with its average occupancy rate, average room rate and RevPAR being 7.3 percentage points, 30.7% and 42.0% respectively higher than those of its direct competitors.

### **Actively pursued progress in asset enhancement work, strengthened project competitiveness**

In the first half of the year, the Manager completed various asset enhancement work, including improvement work on the layout of units in the office building at GZIFC, image enhancement work of passages 13 and 14 on the first floor of White Horse Building, replacement work of 1#~3# air conditioners and cooling tower at White Horse Building, all of which improved effectively the business environment of the properties. In the second half of the year, the Manager will continue to promote asset enhancement work, such as renovation work of some signs on the facade of the podium, sunken plaza and interior public areas at Victory Plaza, upgrade and renovation work of sign system in the office area at GZIFC, replacement work of 2# cargo lift at White Horse Building, replacement work of domestic water pipeline at City Development Plaza, commercial adjustment and renovation work on the fourth floor of the podium and basement at Guangzhou International Finance Center, so as to further enhance the operation efficiency and business environment of the properties.

### **Solidly executed rating maintenance to keep investment-grade rating**

In the first half of the year, the Manager continued to implement stable and prudent financial policies, enhanced perpetual communication with rating agencies to ensure sound credit rating for Yuexiu REIT. Moody’s and Standard & Poor’s maintained Baa2 and BBB investment-grade ratings respectively for Yuexiu REIT in their updated rating reports for the results in 2014, and restated that Yuexiu REIT would have a steady prospect.

### **Continuously optimized the debt structure and reduced the overall finance cost**

In the first half of the year, Yuexiu REIT successfully repaid domestic loan of RMB615 million to GZIFC, the percentage of remaining domestic loan decreased by 6.3 percentage points to 34.3% from the beginning of the year. Meanwhile, Yuexiu REIT successfully drew down a syndicated loan of HKD400 million, and the average finance cost decreased from 4.46% at the beginning of the year to 4.06%. The debt structure of Yuexiu REIT was further optimized with a continuous reduction in overall finance cost.

## FINANCIAL REVIEW

### Financial Results

Both rental income and net property income were higher than the Interim Period of 2014. The following is a summary of Yuexiu REIT's financial results during the 2015 Interim Period:

	<b>Six months ended 30 June</b>		
	<b>2015</b>	<b>2014</b>	<b>Increase/ (decrease)</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>%</b>
	<i>RMB'000</i>	<i>RMB'000</i>	
<b>Gross income</b>	<u>790,391</u>	<u>745,044</u>	6.1%
Hotel and serviced apartments direct expenses	(149,389)	(141,586)	5.5%
Leasing agents' fee	(17,581)	(15,913)	10.5%
Property related taxes ( <i>Note 1</i> )	(124,026)	(120,401)	3.0%
Other property expenses ( <i>Note 2</i> )	<u>(4,175)</u>	<u>(3,639)</u>	14.7%
<b>Total property operating expenses</b>	<u>(295,171)</u>	<u>(281,539)</u>	4.8%
<b>Net property income</b>	<u>495,220</u>	<u>463,505</u>	6.8%
Withholding tax	(30,383)	(27,034)	12.4%
Depreciation and amortization	(75,975)	(74,427)	2.1%
Manager's fees	(52,857)	(49,731)	6.3%
Trustee's fees	(3,804)	(3,682)	3.3%
Other trust expenses ( <i>Note 3</i> )	<u>(15,440)</u>	<u>(12,897)</u>	19.7%
Total non-property operating expenses	<u>(178,459)</u>	<u>(167,771)</u>	6.4%
<b>Profit before finance costs, finance income and tax</b>	316,761	295,734	7.1%
Finance income	26,713	48,442	(44.9)%
Finance cost	<u>(174,708)</u>	<u>(221,505)</u>	(21.1)%
<b>Profit before tax</b>	168,766	122,671	37.6%
Income tax expenses	<u>(58,327)</u>	<u>(79,712)</u>	(26.8)%
<b>Net profit after tax before fair value gain on investment properties</b>	110,439	42,959	(157.1)%
Fair value gain on investment properties	<u>434,589</u>	<u>211,923</u>	105.1%
<b>Net profit after tax before transactions with Unitholders</b>	<u><u>545,028</u></u>	<u><u>254,882</u></u>	113.8%

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

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

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

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

<i>(RMB'000)</i>	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2015</b>	<b>2014</b>
Office	323,711	309,154
Wholesales	196,243	177,721
Retails	34,399	56,830
Hotel and serviced apartments	<u>236,038</u>	<u>201,339</u>
Total	<u><u>790,391</u></u>	<u><u>745,044</u></u>

Net property income amounted to approximately RMB495,220,000 (2014: RMB463,505,000), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agents' fees and other property operating expenses, representing approximately 62.7% of total gross income. The table below sets out an analysis of net property income:

<i>(RMB'000)</i>	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2015</b>	<b>2014</b>
Office	251,892	240,992
Wholesales	154,170	140,064
Retails	26,554	45,240
Hotel and serviced apartments	<u>62,604</u>	<u>37,209</u>
Total	<u><u>495,220</u></u>	<u><u>463,505</u></u>

The adjustment of the business structure for the shopping podium of GZIFC had incurred a one-off non-cash rental reduction, The rental income of retails decreased by 39.5%.

Hotel and serviced apartments direct expenses were RMB149,389,000, an increase of 5.5% as compared with the 2014 Interim Period. It was mainly because of a 17.2% increase in operating revenue.

Leasing agents' fee increased by approximately 10.5% as compared with the 2014 Interim Period. It was mainly because of the rental income increase in office and wholesales.

Property related tax increased by approximately 3.0% as compared with the 2014 Interim Period. It was mainly because of a tax increase 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.

Excluding the adjustment made on the top-up payment asset, the finance cost actually incurred for the current period amounted to approximately RMB168,301,000 (2014: RMB181,260,000).

Profit after tax before transactions with Unitholders amounted to approximately RMB545,028,000 (2014: RMB254,882,000), which represented an increase of 113.8%, mainly due to the gain on property revaluation of approximately RMB434,589,000 for the 2015 Interim Period, higher than that of approximately RMB211,923,000 for the same period of last year.

### **Top-up Payment**

Top-up Payment for the 2015 Interim Period is approximately RMB38,093,000. Yuexiu Property shall pay the said amount within 7 business days after the announcement of Yuexiu REIT's interim results for the 2015 Interim Period. Please refer to the Circular dated 30 June 2012 for details.

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

In respect of the partial settlement of Manager's fee during the relevant period, Yuexiu REIT issued 15,481,099 new units at HK\$4.33 on 9 March 2015. As at 30 June 2015, a total of 2,815,276,784 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$4.57 and a low of HK\$3.88 during the 2015 Interim Period. The average trading volume amounted to approximately 4,977,000 Units per day during the 2015 Interim Period (2014: 3,319,000 Units).

### **Net Asset Value**

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2015 was approximately RMB4.78 ( 31 December 2014: RMB4.69).

### **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. RMB615,000,000 was repaid through its own funds and internal arrangement in the 1st half of 2015. Part of the bank loan, amounting to RMB1,825,000,000 had already been repaid as at 30 June 2015.

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 down from the loan on 19 December 2013 and 30 April 2014 respectively, they 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 two-year plus an optional one-year fixed-term floating rate loan of HK\$600,000,000 which bear interest at HIBOR plus 1.83% per annum. The loan was drawn down on 25 September 2014 for general working capital requirement.

On 17 April 2015, Yuexiu REIT, through its SPVs, entered into a loan arrangement with certain banks in connection with a two-year plus an optional one-year fixed-term floating rate loan of HK\$900,000,000 which bear interest at HIBOR plus 1.83% per annum. Part of the bank loan, amounting HK\$400,000,000 was drawn down on 25 May 2015 for general working capital requirement.



As at 30 June 2015, total borrowings of Yuexiu REIT amounted to approximately RMB7,809,199,000, which represented approximately 31.0% 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 2015, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB11,685,621,000, representing approximately 46.3% of total assets of Yuexiu REIT.

### **Cash Position**

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2015 amounted to approximately RMB662,712,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

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

### **REVIEW OF FINANCIAL RESULTS**

The results of Yuexiu REIT for the 2015 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 2015 INTERIM REPORT**

The interim report of Yuexiu REIT for the six months ended 30 June 2015 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2015.

### **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 2015 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 2015 Interim Period.

## **EMPLOYEES**

As at 30 June 2015, Yuexiu REIT employed 673 and 137 employees in China for hotel operation and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service for hotel and serviced apartments.

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

## **CORPORATE GOVERNANCE**

The Manager has adopted an overall corporate governance framework of the Code of Best Practice that is designed to promote the operation of Yuexiu REIT in a transparent manner with built-in checks and balances which are critical to the performance of the Manager and consequently, the success of Yuexiu REIT which it manages.

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

During the 2015 Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of Yuexiu REIT.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	790,391	745,044
Operating expenses	7	(473,630)	(449,310)
Fair value gains on investment properties	14	434,589	211,923
Finance income	9	26,713	48,442
Finance expenses	10	<u>(174,708)</u>	<u>(221,505)</u>
Profit before income tax and transactions with unitholders		603,355	334,594
Income tax expense	11	<u>(58,327)</u>	<u>(79,712)</u>
Profit after income tax before transactions with unitholders		545,028	254,882
Transactions with unitholders		<u>(590,765)</u>	<u>(278,356)</u>
Loss after income tax after transactions with unitholders		<u>(45,737)</u>	<u>(23,474)</u>
Other comprehensive income for the period			
<u>Items that will not be reclassified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
- Gross		66,169	34,722
- Tax		<u>(18,532)</u>	<u>(9,713)</u>
Other comprehensive income for the period, net of tax		<u>47,637</u>	<u>25,009</u>
Total comprehensive income for the period		<u>1,900</u>	<u>1,535</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Attributable to				
	Unitholders before Transactions transactions with unitholders RMB'000	with unitholders (Note 25) RMB'000	Unitholders after transactions with unitholders RMB'000	Non - controlling interests RMB'000	Total RMB'000
Profit/(loss) for the period ended 30 June 2014	253,607	(278,356)	(24,749)	1,275	(23,474)
Other comprehensive income: Items that will not be <u>reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	<u>24,749</u>	<u>—</u>	<u>24,749</u>	<u>260</u>	<u>25,009</u>
Total comprehensive income/(loss) for the period ended 30 June 2014	<u>278,356</u>	<u>(278,356)</u>	<u>—</u>	<u>1,535</u>	<u>1,535</u>
Profit/(loss) for the period ended 30 June 2015	543,624	(590,765)	(47,141)	1,404	(45,737)
Other comprehensive income: Items that will not be <u>reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	<u>47,141</u>	<u>—</u>	<u>47,141</u>	<u>496</u>	<u>47,637</u>
Total comprehensive income/(loss) for the period ended 30 June 2015	<u>590,765</u>	<u>(590,765)</u>	<u>—</u>	<u>1,900</u>	<u>1,900</u>

*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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders' funds are disclosed in the consolidated balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement.

- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders to unitholders and the average number of units in issue, is presented in Note 26.

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2015**

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	12	2,384,350	2,369,494
Land use rights	13	1,552,467	1,577,109
Investment properties	14	19,753,500	19,299,000
Deferred assets	15	161,846	175,670
Goodwill	16	160,324	160,324
Top-up payment asset, non-current portion	17	<u>76,644</u>	<u>118,448</u>
		<u>24,089,131</u>	<u>23,700,045</u>
<b>Current assets</b>			
Inventories		4,827	4,438
Trade receivables	18	10,291	11,564
Amount due from related parties		335,554	531,855
Tax recoverable		1,108	1,160
Prepayments, deposits and other receivables	19	35,132	31,368
Top-up payment asset, current portion	17	82,593	82,721
Short-term bank deposits	20	7,169	13,153
Cash and cash equivalents	20	<u>655,543</u>	<u>986,300</u>
		<u>1,132,217</u>	<u>1,662,559</u>
<b>Total assets</b>		<u><u>25,221,348</u></u>	<u><u>25,362,604</u></u>
<b>Current liabilities</b>			
Trade payables	22	12,871	14,518
Rental deposits, current portion	23	86,563	131,172
Receipts in advance	23	61,125	59,674
Accruals and other payables	23	778,882	1,003,370
Amounts due to related parties		65,877	69,371
Borrowings	24	<u>—</u>	<u>300,000</u>
		<u>1,005,318</u>	<u>1,578,105</u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2015**

	<i>Note</i>	<b>Unaudited 30 June 2015 RMB'000</b>	<b>Audited 31 December 2014 RMB'000</b>
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Rental deposits, non-current portion	23	168,238	113,281
Receipts in advance	23	24,404	25,638
Borrowings	24	7,809,199	7,809,396
Deferred tax liabilities	21	<u>2,678,462</u>	<u>2,607,530</u>
		<u>10,680,303</u>	<u>10,555,845</u>
<b>Total liabilities, other than net assets attributable to unitholders</b>			
		11,685,621	12,133,950
Net assets attributable to unitholders	25	<u>13,447,127</u>	<u>13,141,954</u>
<b>Total liabilities</b>			
		<u>25,132,748</u>	<u>25,275,904</u>
<b>Net assets</b>			
		<u>88,600</u>	<u>86,700</u>
<b>Equity</b>			
Revaluation reserve		248,670	201,529
Retained earnings		<u>(248,670)</u>	<u>(201,529)</u>
		—	—
Non-controlling interests		<u>88,600</u>	<u>86,700</u>
<b>Total equity</b>			
		<u>88,600</u>	<u>86,700</u>
<b>Net current assets</b>			
		<u>126,899</u>	<u>84,454</u>
<b>Total assets less current liabilities</b>			
		<u>24,216,030</u>	<u>23,784,499</u>
Units in issue ('000)	25	<u>2,815,277</u>	<u>2,799,796</u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**(*CONTINUED*)  
**AS AT 30 JUNE 2015**

	<i>Note</i>	<b>Unaudited 30 June 2015 RMB'000</b>	<b>Audited 31 December 2014 RMB'000</b>
<b>Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>	25	<u>RMB4.78</u>	<u>RMB4.69</u>
<b>Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>	25	<u>RMB4.02</u>	<u>RMB3.93</u>

**DISTRIBUTION STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
<i>Note</i>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit after income tax before transactions with unitholders attributable to unitholders	543,624	253,607
Adjustments for the total distributable income (i)		
- Fair value gains on investment properties (iii)	(434,589)	(211,923)
- Deferred taxation in respect of fair value gain on investment properties charged to profit or loss	31,598	38,387
- Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)	(137,237)	(118,691)
- Foreign exchange gain on financing activities	<u>(2,923)</u>	<u>—</u>
<b>Total distributable income</b>	473	(38,620)
<b>Additional items (ii)</b>		
- Cash received and/or receivable according to the Deed of Top-up Payments	38,093	66,178
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS	137,237	118,691
- Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)	75,975	74,427
- Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights	38,630	33,436



		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>
- Manager's fee paid and payable in units in lieu of cash		47,571	47,244
- Interest income from top-up payment asset		(2,697)	(3,337)
- Fair value loss/(gain) on top-up payment asset		6,407	(14,178)
- Foreign exchange loss on financing activities		—	40,245
		<u>341,689</u>	<u>324,086</u>
<b>Distributable income after additional items</b>		<b>341,689</b>	<b>324,086</b>
Distributable amount at 1 January		338,835	320,053
Distribution paid during the period (iv)	25	<u>(338,775)</u>	<u>(319,996)</u>
Interim distribution declared (v)		<u>341,749</u>	<u>324,143</u>
Distribution per unit, declared (v)		<u>RMB0.1213</u>	<u>RMB0.1163</u>

*Notes:*

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant period.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) For the six months period ended 30 June 2015, an additional distribution for the non-cash fair value loss of approximately RMB18,500,000 of certain investment property will be made using the existing cash resources of the Group.
- (iv) A distribution of RMB0.1203 per unit, totaling RMB319,996,000 (equivalent to HK\$405,217,000), was paid to unitholders on 13 May 2015.
- (v) An interim distribution in respect of the six months ended 30 June 2015 of RMB0.1213 (equivalent to HK\$ 0.1537) per unit, totaling RMB341,749,000 (equivalent to HK\$ 432,708,000) was declared by the Board of the Manager on 28 July 2015.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2015 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 2015**

	Net assets		Equity			Total RMB'000
	attributable to unitholders RMB'000	Retained earnings RMB'000	Revaluation reserve RMB'000	Non- controlling interests RMB'000	Total RMB'000	
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	<u>12,682,368</u>	<u>(137,152)</u>	<u>137,152</u>	<u>84,835</u>	<u>12,767,203</u>	
At 1 January 2015	13,141,954	(201,529)	201,529	86,700	13,228,654	
Issuance of units	53,183	—	—	—	53,183	
Profit/(loss) for the period attributable to:						
- Unitholders	590,765	—	—	—	590,765	
- Equity holders	—	(47,141)	—	1,404	(45,737)	
Distributions paid to unitholders	(338,775)	—	—	—	(338,775)	
Change in fair value of property, plant and equipment, net of tax	—	—	47,141	496	47,637	
At 30 June 2015	<u>13,447,127</u>	<u>(248,670)</u>	<u>248,670</u>	<u>88,600</u>	<u>13,535,727</u>	

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	380,918	431,723
Interest paid	(157,997)	(173,005)
Corporate income tax paid	(5,875)	(5,547)
Top-up payment received	<u>38,221</u>	<u>61,844</u>
Net cash generated from operating activities	<u>255,267</u>	<u>315,015</u>
<b>Cash flows from investing activities</b>		
Additions of investment properties	(19,911)	(7,077)
Additions of property, plant and equipment	(20)	(57)
Interest received	21,093	30,927
Increase/(decrease) in short-term bank deposits with original maturity of more than three months	<u>5,984</u>	<u>(15,076)</u>
Net cash generated from investing activities	<u>7,146</u>	<u>8,717</u>
<b>Cash flows from financing activities</b>		
Distribution paid	(338,775)	(319,996)
Repayment of borrowings	(615,000)	(345,000)
Proceeds from borrowings, net of transaction costs	307,422	158,514
Issuance of units	<u>53,183</u>	<u>54,540</u>
Net cash used in financing activities	<u>(593,170)</u>	<u>(451,942)</u>
<b>Net decrease in cash and cash equivalents</b>	(330,757)	(128,210)
Cash and cash equivalents at beginning of the period	<u>986,300</u>	<u>639,786</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>655,543</u></u>	<u><u>511,576</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

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

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

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

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Manager on 28 July 2015.

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 2015 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 2014, 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 2014, as described in those annual financial statements.

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

- (a) New standards and amendments, revisions and interpretation to existing standards effective in 2015

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 2015:

HKAS 19 (Amendment)	Employee benefits
Annual improvements 2010-2012 cycle	Improvements to HKFRSs
Annual improvements 2011-2013 cycle	Improvements to HKFRSs

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

- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendment)	Presentation of Financial Statements	1st January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1st January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1st January 2016
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception	1st January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
Annual improvements 2012-2014 cycle	Improvements to HKFRSs	1st January 2016

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.

#### **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 2014.

## **5 Financial risk management**

### **5.1 Financial risk factors**

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

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

## **6 Revenue and segment information**

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

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

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

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

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

	<b>Hotel and serviced apartments RMB'000</b>	<b>Office rental RMB'000</b>	<b>Wholesale and shopping mall RMB'000</b>	<b>Group RMB'000</b>
<b>Period ended 30 June 2015</b>				
Revenue from external customers	<u>236,038</u>	<u>323,711</u>	<u>230,642</u>	<u>790,391</u>
Segment results	<u>62,605</u>	<u>435,381</u>	<u>323,302</u>	<u>821,288</u>
Depreciation and amortisation	75,025	950	—	75,975
Fair value gain on investment properties	<u>—</u>	<u>280,103</u>	<u>154,486</u>	<u>434,589</u>
<b>Period ended 30 June 2014</b>				
Revenue from external customers	<u>201,339</u>	<u>309,154</u>	<u>234,551</u>	<u>745,044</u>
Segment results	<u>37,209</u>	<u>354,076</u>	<u>178,408</u>	<u>569,693</u>
Depreciation and amortisation	73,421	1,006	—	74,427
Fair value gain on investment properties	<u>—</u>	<u>150,291</u>	<u>61,632</u>	<u>211,923</u>
<b>As at 30 June 2015</b>				
Total reportable segments' assets	<u>4,379,627</u>	<u>11,593,611</u>	<u>9,012,612</u>	<u>24,985,850</u>
<b>As at 31 December 2014</b>				
Total reportable segments' assets	<u>4,667,646</u>	<u>11,728,693</u>	<u>8,781,354</u>	<u>25,177,693</u>



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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	821,288	569,693
Unallocated operating costs ( <i>Note</i> )	<u>(69,938)</u>	<u>(62,036)</u>
Operating profit	751,350	507,657
Finance income	26,713	48,442
Finance expenses	<u>(174,708)</u>	<u>(221,505)</u>
Profit before income tax and transactions with unitholders	<u>603,355</u>	<u>334,594</u>

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

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Total reportable segments' assets	24,985,850	25,177,693
Tax recoverable	1,108	1,160
Corporate assets	<u>234,390</u>	<u>183,751</u>
Total assets	<u>25,221,348</u>	<u>25,362,604</u>

	<b>Revenue</b>		<b>Total assets</b>	
	<b>Unaudited</b>		<b>Unaudited</b>	<b>Audited</b>
	<b>Six months ended 30 June</b>		<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
China	<u>790,391</u>	<u>745,044</u>	24,985,850	25,177,693
Unallocated assets			<u>235,498</u>	<u>184,911</u>
			<u>25,221,348</u>	<u>25,362,604</u>

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:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Hotel and serviced apartments operations		
Room rentals	133,869	113,250
Food and beverages	94,606	80,332
Property rentals	554,353	533,705
Others	<u>7,563</u>	<u>17,757</u>
	<u>790,391</u>	<u>745,044</u>

## 7 Expenses by nature

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Property management fee (i)	17,581	15,913
Employee benefit expense	58,153	59,757
Real estate tax	74,555	74,018
Business tax, urban construction and maintenance tax, education surcharge and local education surcharge	47,066	45,014
Withholding tax (ii)	30,383	27,034
Depreciation of property, plant and equipment	51,333	49,785
Amortisation of land use rights	24,642	24,642
Cost of inventories sold or consumed in operation	66,259	51,209
Other direct expenses on hotel and serviced apartments	24,977	30,620
Manager's fee (Note 8)	52,857	49,731
Trustee's fee	3,804	3,682
Valuation fee	618	396
Legal and professional fee	10,696	6,450
Auditor's remuneration	1,625	1,498
Bank charges	374	356
Others	<u>8,707</u>	<u>9,205</u>
Total operating expenses	<u>473,630</u>	<u>449,310</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%.

## 8 Manager's fee

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Manager's fee:		
In the form of units	47,571	47,244
In the form of cash	<u>5,286</u>	<u>2,487</u>
	<u>52,857</u>	<u>49,731</u>

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

## 9 Finance income

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	4,755	3,178
Interest income from a related company	16,338	27,749
Interest income from top-up payment asset	2,697	3,337
Fair value gain on top-up payment asset	—	14,178
Foreign exchange gain on financing activities	<u>2,923</u>	<u>—</u>
	<u>26,713</u>	<u>48,442</u>

## 10 Finance expenses

	Unaudited	
	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense for bank borrowings	125,011	140,002
Interest expense for other borrowings	32,986	33,003
Amortisation of transaction costs for borrowings	10,304	8,255
Fair value loss on top-up payment asset	6,407	—
Foreign exchange loss on financing activities	—	40,245
	<u>174,708</u>	<u>221,505</u>

## 11 Income tax expenses

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

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

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
- China corporate income tax	5,682	5,145
- Under-provision in prior years	245	331
Deferred income tax (Note 21)	<u>52,400</u>	<u>74,236</u>
	<u>58,327</u>	<u>79,712</u>

## 12 Property, plant and equipment

	<b>Hotel and serviced apartments</b> <i>RMB'000</i>	<b>Office supplies</b> <i>RMB'000</i>	<b>Motor vehicles</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
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	<u>34,722</u>	<u>—</u>	<u>—</u>	<u>34,722</u>
Closing net book amount as at 30 June 2014	<u>2,321,000</u>	<u>211</u>	<u>6,067</u>	<u>2,327,278</u>
Six months ended 30 June 2015				
Opening net book amount as at 1 January 2015	2,364,217	148	5,129	2,369,494
Additions	20	—	—	20
Depreciation	(50,406)	(40)	(887)	(51,333)
Fair value gain on revaluation	<u>66,169</u>	<u>—</u>	<u>—</u>	<u>66,169</u>
Closing net book amount as at 30 June 2015	<u>2,380,000</u>	<u>108</u>	<u>4,242</u>	<u>2,384,350</u>
At 30 June 2015				
At fair value	2,380,000	—	—	2,380,000
At cost	<u>—</u>	<u>108</u>	<u>4,242</u>	<u>4,350</u>
	<u>2,380,000</u>	<u>108</u>	<u>4,242</u>	<u>2,384,350</u>

If hotel and serviced apartments had not been revalued, it would have been included in these condensed consolidated interim financial information at historical cost less accumulated depreciation of RMB2,031,394,000 (31 December 2014: RMB2,083,962,000).

As at 30 June 2015, property, plant and equipment with an aggregate carrying amount of RMB2,110 million (31 December 2014: RMB2,364 million) were pledged as collateral for the Group's bank borrowings (Note 24).

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

	<i>RMB'000</i>
Opening balance	2,364,217
Additions	20
Depreciation	(50,406)
Unrealised gains recognised in reserve	<u>66,169</u>
Closing balance	<u>2,380,000</u>
Changes in unrealised gains or losses for the period included in other comprehensive income at the end of the period	<u>66,169</u>

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

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments was revalued by Vigers Appraisal and Consulting Limited, independent qualified valuer not related to the Group at 30 June 2015 and 31 December 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 value of hotel and serviced apartments in China is generally derived using the discounted cash flow analysis. Breakdown of the fair values of both hotel and serviced apartments portions of Guangzhou International Finance Center ("Guangzhou IFC") into land element and building element is required. Fair values of the land and building elements are assessed using the discounted cash flow analysis and depreciated replacement cost method.

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

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

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

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

Discount rates are estimated by Vigers Appraisal and Consulting Limited for 30 June 2015 and 31 December 2014 based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value.

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

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

#### **As at 30 June 2015**

	<b>Unit Rate/day (RMB)</b>	<b>Discount Rate (%)</b>	<b>Stabilised Occupancy Rate (%)</b>
Hotel	2,010	8.0	75.0
Serviced apartments	1,005	7.5	90.0

#### **As at 31 December 2014**

	<b>Unit Rate/day (RMB)</b>	<b>Discount Rate (%)</b>	<b>Stabilised Occupancy Rate (%)</b>
Hotel	2,000	8.0	75.0
Serviced apartments	950	7.5	90.0

### 13 Land use rights

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Beginning of the period	1,577,109	1,626,394
Amortisation	<u>(24,642)</u>	<u>(24,642)</u>
End of the period	<u>1,552,467</u>	<u>1,601,752</u>

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

	30 June	30 June
	2015	2014
	RMB'000	RMB'000
In China:		
Land use rights of between 10 and 50 years	<u>1,552,467</u>	<u>1,601,752</u>

As at 30 June 2015, the fair value of land use rights is approximately RMB1,930 million (31 December 2014: RMB1,906 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2015, land use rights were pledged with an aggregate net book amount of RMB 1,467 million (31 December 2014: RMB1,577 million) as collateral for the Group's bank borrowings (Note 24).

### 14 Investment properties

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Beginning of the period	19,299,000	18,605,000
Additions during the period	19,911	7,077
Fair value gains during the period, included in profit or loss under 'Fair value gain on investment properties'	<u>434,589</u>	<u>211,923</u>
End of the period	<u>19,753,500</u>	<u>18,824,000</u>

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

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB6,136,000 (2014: RMB9,317,000) relating to investment properties that were vacant.



As at 30 June 2015, investment properties with an aggregate net book value of approximately RMB3,077 million (31 December 2014: RMB5,911 million) were pledged as collateral for the Group's bank borrowings (Note 24).

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

The Group measures its investment properties at fair value. The investment properties were revalued by Vigers Appraisal and Consulting Limited, independent qualified valuer not related to the Group at 30 June 2015 and 31 December 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 Vigers Appraisal and Consulting Limited for 30 June 2015 and 31 December 2014 based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

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

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

#### **As at 30 June 2015**

	<b>Monthly Market Unit Rent (per annum)</b>	<b>Capitalisation Rate (RMB per sq.m.)</b>
Office	98 to 260	5.00% to 8.00%
Retail	61 to 1,207	5.25% to 8.50%

#### **As at 31 December 2014**

	<b>Monthly Market Unit Rent (RMB per sq.m.)</b>	<b>Capitalisation Rate (per annum)</b>
Office	94 to 260	5.00% to 8.00%
Retail	58 to 1,250	5.25% to 8.50%

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

#### **As at 30 June 2015**

	<b>Monthly Market Unit Rent (RMB per sq.m.)</b>	<b>Discount Rate</b>	<b>Stabilised Occupancy Rate</b>
Office	98 to 260	7.25% to 9.25%	90.00% to 99.00%
Retail	61 to 1,207	7.50% to 9.50%	95.00% to 99.48%

#### **As at 31 December 2014**

	<b>Monthly Market Unit Rent (RMB per sq.m.)</b>	<b>Discount Rate</b>	<b>Stabilised Occupancy Rate</b>
Office	94 to 260	7.25% to 9.50%	90.00% to 99.00%
Retail	58 to 1,250	7.50% 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 realised twelve months after the balance sheet date are classified as non-current assets. The deferred assets are denominated in RMB.

## 16 Goodwill

	<b>Unaudited</b> <b>30 June</b> <b>2015</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2014</b> <i>RMB'000</i>
Net book amount	<u>160,324</u>	<u>160,324</u>
Cost	160,324	160,324
Accumulated impairment	<u>—</u>	<u>—</u>
	<u>160,324</u>	<u>160,324</u>

## 17 Top-up payment asset

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

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

It is initially recognised at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cash flows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 2.2% per annum. Top-up payment asset is subsequently carried at amortised cost using the effective interest method. The expected future cash flows is under revision regularly.

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

The top-up payment received/receivable for the six months ended 30 June 2015 was RMB38,093,000 (2014: RMB66,178,000).

18 **Trade receivables**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>10,291</u>	<u>11,564</u>

The fair values of trade receivables approximate their carrying amounts.

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	4,307	10,031
31 - 90 days	5,221	967
91 - 180 days	—	566
181 - 365 days	<u>763</u>	<u>—</u>
	<u>10,291</u>	<u>11,564</u>

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

## 19 Prepayments, deposits and other receivables

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

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

## 20 Short-term bank deposits and cash and cash equivalents

As at 30 June 2015, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB523,889,000 (31 December 2014: RMB786,480,000) 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.

## 21 Deferred tax liabilities

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	2,607,530	2,406,333
Deferred taxation charged to profit or loss (Note 11)	52,400	74,236
Deferred taxation charged to reserve	<u>18,532</u>	<u>9,713</u>
End of the period	<u>2,678,462</u>	<u>2,490,282</u>

## 22 Trade payables

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>12,871</u>	<u>14,518</u>

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

	<b>Unaudited 30 June 2015 RMB'000</b>	<b>Audited 31 December 2014 RMB'000</b>
0 - 30 days	11,581	10,991
31 - 90 days	953	2,680
91 - 180 days	337	844
181 - 365 days	<u>—</u>	<u>3</u>
	<u>12,871</u>	<u>14,518</u>

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

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

	<b>Unaudited 30 June 2015 RMB'000</b>	<b>Audited 31 December 2014 RMB'000</b>
Rental deposits		
Current portion	86,563	131,172
Non-current portion	<u>168,238</u>	<u>113,281</u>
	<u>254,801</u>	<u>244,453</u>
Receipts in advance		
Current portion	61,125	59,674
Non-current portion	<u>24,404</u>	<u>25,638</u>
	<u>85,529</u>	<u>85,312</u>
Provision for withholding tax payable	7,214	6,801
Provision for business tax, urban construction and maintenance tax, education surcharge and local education surcharge	2,834	5,362
Construction fee payable	685,032	873,161
Accruals for operating expenses	<u>83,802</u>	<u>118,046</u>
Accruals and other payables	<u>778,882</u>	<u>1,003,370</u>
	<u>1,119,212</u>	<u>1,333,135</u>

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

## 24 Borrowings

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Current portion of long term borrowings, secured	<u>—</u>	<u>300,000</u>
Long-term borrowings		
Bank borrowings		
- Secured	2,675,000	3,290,000
- Unsecured	3,009,572	2,695,488
Other borrowings, unsecured (Note)	<u>2,124,627</u>	<u>2,123,908</u>
	7,809,199	8,109,396
Less: current portion of long-term borrowings	<u>—</u>	<u>(300,000)</u>
Total long-term borrowings	<u>7,809,199</u>	<u>7,809,396</u>
Analysed into:		
Unsecured	5,134,199	4,819,396
Secured	<u>2,675,000</u>	<u>3,290,000</u>
	<u>7,809,199</u>	<u>8,109,396</u>

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

- certain parts of Guangzhou IFC amounting to RMB6,654 million;
- present and future assets (including but not limited to: (a) a charge over any interest-bearing accounts (the “Charged Accounts”), (b) a floating charge over all assets, (c) an assignment of dividends and all other revenue generated) of Yuexiu REIT 2012 Company Limited (“REIT 2012”), Tower Top Development Ltd. (“Tower Top”), BVI Holdcos<sup>2</sup> and HK Holdcos<sup>3</sup>, subsidiaries of the Group;
- all right, title and interest in all present and future loans of REIT 2012, Tower Top, BVI Holdcos<sup>2</sup> and HK Holdcos<sup>3</sup>;

<sup>1</sup> A syndicated loan amounting to RMB2,675 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 RMB2,232 million is jointly and severally guaranteed by Tower Top, BVI Holdcos<sup>2</sup> and HK Holdcos<sup>3</sup>.

<sup>2</sup> “BVI Holdcos” include Bliss Town Holdings Ltd., Hoover Star International Ltd., Miller Win Group Ltd. and Shinning Opal Management Ltd.

<sup>3</sup> “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 2015.

## 25 Net assets attributable to unitholders

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	13,141,954	12,669,468
Issuance of units	53,183	54,542
Transfer from the statement of comprehensive income	590,765	278,356
Distribution paid during the period	<u>(338,775)</u>	<u>(319,996)</u>
End of the period	<u>13,447,127</u>	<u>12,682,370</u>

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets attributable to existing unitholders	11,317,546	10,552,789
Net assets attributable to deferred unitholder (Note)	<u>2,129,581</u>	<u>2,129,581</u>
	<u>13,447,127</u>	<u>12,682,370</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 30 June 2015 were 733,280,000 units (31 December 2014: 733,280,000 units).



The movement of units is as below:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	2,799,796	2,766,698
Units issued during the period (Note)	<u>15,481</u>	<u>18,296</u>
End of the period	<u><u>2,815,277</u></u>	<u><u>2,784,994</u></u>

Note:

During the period, 15,481,000 units were issued for the payment of manager's fee for the period from 1 July 2014 to 31 December 2014. In 2014, 33,098,000 units were issued for the payment of manager's fee for the year.

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

**(a) Basic**

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>543,624</u>	<u>253,607</u>
Weighted average number of units in issue ('000)	<u>2,807,921</u>	<u>2,776,301</u>
Basic earnings per unit (RMB)	<u>0.19</u>	<u>0.09</u>

**(b) Diluted**

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

which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2015.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>543,624</u>	<u>253,607</u>
Weighted average number of units in issue ('000)	2,807,921	2,776,301
Adjustments for deferred units ('000)	733,280	733,280
Adjustments for manager's fee in form of units ('000)	<u>14,127</u>	<u>15,869</u>
Weighted average number of units for diluted earnings per unit ('000)	<u>3,555,328</u>	<u>3,525,450</u>
Diluted earnings per unit (RMB)	<u>0.15</u>	<u>0.07</u>

## 27 Capital commitments

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	18,863	15,137
Authorised but not contracted for	<u>11,088</u>	<u>40,841</u>
	<u>29,951</u>	<u>55,978</u>

## 28 Future minimum rental receivables

At 30 June 2015, the Group had future minimum rental receivables under non-cancellable leases as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	1,025,971	1,001,602
Between one year and five years	1,832,482	1,816,774
Over five years	<u>277,365</u>	<u>502,293</u>
	<u><u>3,135,818</u></u>	<u><u>3,320,669</u></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, 28 July 2015

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

*Executive Directors: Mr. LIU Yongjie and Mr. LIN Deliang*

*Non-executive Director: Mr. LI Feng*

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