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

(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock code: 00405)

Managed by

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

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 ("Reporting Year") together with comparative figures for the corresponding period in 2013 are as follows:

FINANCIAL HIGHLIGHTS

The following is a summary of Yuexiu REIT's audited consolidated results for the year ended 31 December 2014 together with comparative figures for the corresponding period in 2013:

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

	Financial Year ended 31 December 2014	**Financial Year ended 31 December 2013**	**Increase/ (decrease)**
Gross income	**1,571,168,000**	1,370,653,000	14.6%
Net property income	**987,512,000**	860,419,000	14.8%
Profit after tax	**927,967,000**	524,067,000	77.1%
Earnings per unit - Basic	**0.33**	0.19	73.7%
Portfolio valuation	**23,569,000,000**	22,749,000,000	3.6%
Net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per Unit	**4.69**	4.58	2.4%
Net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per Unit - Equivalent to HK$	**5.95**	5.83	2.1%
Units issued (units)	**2,799,795,685**	2,766,698,330	1.2%
Total borrowings as a percentage of gross assets (Note a)	**32.0%**	31.9%	0.1 percentage points
Gross liabilities as a percentage of gross assets (Note b)	**47.8%**	48.1%	(0.3) percentage points

Distribution			
Total distribution (including additional items)	**662,714,000**	598,598,000	10.7%
Distribution per Unit (HK$)	**0.2986**	0.2721	9.7%

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

Note b: *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 2014 to 31 December 2014 ("2014 Final Period") will be approximately RMB0.1210 which is equivalent to HK$0.1530 (2013: RMB0.1149 which was equivalent to HK$0.1455) per Unit. Such final distribution per Unit, however, is subject to adjustment upon the issuance of new units between 1 January 2015 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 2014.

The final distribution, together with the interim distribution of Yuexiu REIT for the six-month period from 1 January 2014 to 30 June 2014 ("2014 Interim Period") being approximately RMB0.1157 which is equivalent to HK$0.1456 (2013 : RMB0.1007 which was equivalent to HK$0.1266) per Unit, represented distribution to each Unitholder for the Reporting Year being approximately RMB0.2367 (which is equivalent to HK$0.2986) (2013: RMB0.2156 which was equivalent to HK$0.2721).

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 9 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 RMB662,714,000 (2013: RMB598,598,000) include certain profit elements in the capital nature of Yuexiu REIT. The amount of capital nature items is RMB204,827,000 (2013: RMB265,273,000).

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$0.2986 (2013: HK$0.2721) which represents a yield of approximately 7.7% (2013: 7.2%) per Unit based on the closing price of HK$3.89 per Unit as at 31 December 2014 (2013: HK$3.78).

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the final distribution will be 17 April 2015. The register of Unitholders will be closed from 17 April 2015 to 20 April 2015, 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, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong , not later than 4:30 p.m. on 16 April 2015. The final distribution will be paid on 13 May 2015 to the Unitholders whose names appear on the register of Unitholders on 17 April 2015.

2014 BUSINESS REVIEW AND FUTURE PROSPECTS

BUSINESS REVIEW

Continuous Strong Performance of Assets

In 2014, when China's macro-economy entered into a stage of rapid transformation in economic growth and adjustment in structural optimization, Yuexiu REIT continued to implement active leasing and asset management strategies and continuously achieved good performance, with a number of operating indicators striking record high. 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.

Due to the dedication and effort of the Manager's team, all of Yuexiu REIT, the Manager and the property projects have won a number of social awards, including the "2014 Hong Kong Outstanding Enterprises Award" and "2014 Best Corporate Governance Gold Award" were awarded to Yuexiu REIT, the "Best Business Operation Model in 21st Century China Award (21世紀中國最佳商業運營模式獎)" was conferred on the Manager, the "Tien-Yow Jeme Civil Engineering Prize (中國土木工程詹天佑獎) was won by Guangzhou International Finance Center, the "Development Base of China Fashion Brand (中國服裝品牌孵化基地)" and "China's Top Hundred Commodity Markets (中國百強商品市場)" were won by White Horse Building, and 2014's "Best Fast Fashion Mall of the Year" award was granted by VT101l.

Properties Portfolio and Valuation

As at 31 December 2014, 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 Guangzhou International Finance Center ("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]	Number of Contracts[1]	Unit Rent[1] *(RMB/sq.m./ Mth)*
White Horse Building	Wholesale	Yuexiu District	1990	50,199.3	50,128.9	100.0%	1,109	592.8
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	99.6%	84	144.2
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	93.6%	66	122.3
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	99.4%	27	244.5
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3[2]	97.3%[2]	118	105.9
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.8	92.6%	199	210.2
In which:	Grade A office			267,804.4	183,539.5[3]	90.8%	185	226.8
	Retails			46,989.2	46,727.3	99.7%	14	150.6
	Hotel			91,460.9	N/A	N/A	N/A	N/A
	Serviced Apartments			51,102.3	N/A	N/A	N/A	N/A
Total				680,971.1	441,297.9	95.1%	1,603	231.2

Note:

(1) As at 31 December 2014;

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

(3) Excluding 76,512.3 sq.m. of parking space.

Particulars of the Properties:

Rental Property	Area of Ownership	Rentable Area	Occupancy Rate[1]	Percentage Increase Compared to 31 December 2013	Unit Rent[1]	Percentage Increase Compared to 31 December 2013	Operating Income[2]
	(sq.m.)	*(sq.m.)*			*(RMB/sq.m.)*		*(RMB'000)*
Office	413,521.3	317,179.4[3]	93.3%	2.7%	181.5	4.3%	639,548
Retails	74,687.3	73,989.6	99.6%	3.5%	185.1	16.4%	121,044
Wholesale	50,199.3	50,128.9	100.0%	0.0%	592.8	7.0%	366,146

Note:

(1) As at 31 December 2014；

(2) For the year ended 31 December 2014;

(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	Number of Units	Average Occupancy Rate [1]	Revenue per Available Room[1]
			(sq.m.)	*(units)*		*(RMB)*
Four Seasons Hotel Guangzhou[2]	Five-star hotel	August 2012	91,460.9	344	69.4%	1,242
Ascott Serviced Apartments[2]	High-end serviced apartments	September 2012	51,102.3	314	82.4%	772

Note:

(1) From 1 January 2014 to 31 December 2014;

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

Property Valuation

Vigers Appraisal and Consulting Limited ("Vigers"), Yuexiu REIT's new valuer which has been commissioned by the Trustee to take over Savills Valuation and Professional Services Limited which has retired according to the REIT Code Provisions, has performed a valuation on the Properties. The revalued market valuation as at 31 December 2014 was approximately RMB23,569 million, representing an increase of RMB820 million or 3.6% over the valuation as at 31 December 2013.

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

Name of Property	Valuation as at 31 December 2014	Valuation as at 31 December 2013	Increase
	RMB million	*RMB million*	%
White Horse Building	**4,300**	3,980	8.0%
Fortune Plaza	**853**	806	5.8%
City Development Plaza	**710**	672	5.7%
Victory Plaza	**815**	804	1.4%
Neo Metropolis	**825**	772	6.9%
GZIFC	**16,066**	15,715	2.2%
Total	**23,569**	22,749	3.6%

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 28.2%, 20.7%, 20.5%, 7.3% and 23.3% respectively. In respect of basic monthly rental, ratios of lease expiry each year will be 32.5%, 16.3%, 21.7%, 11.8% and 17.7% respectively.

Lease Expiry of the Properties

Yuexiu REIT Properties

Year	By Rental Area	By Rental Income
FY2015	28.2%	32.5%
FY2016	20.7%	16.3%
FY2017	20.5%	21.7%
FY2018	7.3%	11.8%
FY2019 and beyond	23.3%	17.7%
Total	100.0%	100.0%

White Horse Building

Year	By Rental Area	By Rental Income
FY2015	35.1%	39.7%
FY2016	14.4%	9.3%
FY2017	34.5%	28.0%
FY2018	15.6%	22.3%
FY2019 and beyond	0.4%	0.7%
Total	100.0%	100.0%

Fortune Plaza

Year	By Rental Area	By Rental Income
FY2015	26.7%	26.8%
FY2016	17.5%	19.0%
FY2017	34.3%	35.6%
FY2018	0.0%	0.0%
FY2019 and beyond	21.5%	18.6%
Total	100.0%	100.0%

City Development Plaza

Year	By Rental Area	By Rental Income
FY2015	27.9%	26.0%
FY2016	32.7%	22.0%
FY2017	31.9%	44.7%
FY2018	7.2%	7.0%
FY2019 and beyond	0.3%	0.3%
Total	100.0%	100.0%

Neo Metropolis

Year	By Rental Area	By Rental Income
FY2015	29.4%	28.5%
FY2016	46.5%	49.4%
FY2017	16.1%	14.6%
FY2018	6.9%	6.4%
FY2019 and beyond	1.1%	1.1%
Total	100.0%	100.0%

Victory Plaza

Year	By Rental Area	By Rental Income
FY2015	9.6%	4.9%
FY2016	2.7%	7.3%
FY2017	9.8%	8.0%
FY2018	2.9%	7.1%
FY2019 and beyond	75.0%	72.7%
Total	100.0%	100.0%

GZIFC

	Overall (including office and retail)		Office		Retail	
Year	Rental Area	Rental Income	Rental Area	Rental Income	Rental Area	Rental Income
FY2015	29.0%	33.6%	35.2%	38.3%	7.2%	8.4%
FY2016	17.0%	17.8%	21.8%	21.1%	0.0%	0.0%
FY2017	14.8%	15.8%	18.5%	18.1%	1.4%	3.3%
FY2018	7.5%	7.8%	9.6%	9.3%	0.0%	0.0%
FY2019 and beyond	31.7%	25.0%	14.9%	13.2%	91.4%	88.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue Continued to Increase

In 2014, the properties of Yuexiu REIT recorded total revenue of approximately RMB1,571.1 million, representing an increase of 14.6% 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 23.3%, 4.4%, 3.8%, 3.4%, 4.0% and 61.1% 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 2014	Revenue in 2013	Increase in revenue compared to 2013	Increase
	RMB million	*RMB million*	*RMB million*	*%*
White Horse Building	**366.1**	339.3	26.8	7.9%
Fortune Plaza	**69.6**	69.2	0.4	0.6%
City Development Plaza	**59.4**	56.6	2.8	4.9%
Victory Plaza	**53.5**	37.7	15.8	41.9%
Neo Metropolis	**61.9**	60.8	1.1	1.8%
Subtotal of the original properties	**610.5**	563.6	46.9	8.3%
GZIFC	**960.6**	807.1	153.5	19.0%
Total	**1,571.1**	1,370.7	200.4	14.6%

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 2014	Net Property Income in 2013	Increase in NPI compared to 2013	Increase
	RMB million	*RMB million*	*RMB million*	*%*
White Horse Building	**288.8**	268.7	20.1	7.5%
Fortune Plaza	**54.2**	53.9	0.3	0.6%
City Development Plaza	**46.1**	43.9	2.2	5.0%
Victory Plaza	**41.5**	28.9	12.6	43.6%
Neo Metropolis	**48.0**	47.3	0.7	1.5%
Subtotal of the original properties	**478.6**	442.7	35.9	8.1%
GZIFC	**508.9**	417.7	91.2	21.8%
Total	**987.5**	860.4	127.1	14.8%

White Horse Building — accelerated transformation and upgrading, reinforced its benchmark position in the industry

In 2014, White Horse Building accelerated the pace of transformation and upgrading in the areas of hardware reform, image enhancement, adjustment in tenant mix, brand incubation and marketing innovation, its benchmark position in the industry was further reinforced. The first floor of the building has been positioned as the thematic floor for Korean fashion accords with the fast fashion trend, upgrading modification was implemented on passages 11 and 12 together with the commencement of tenant mix optimization, 44 merchants of fashion brands came on board, both the image and ambience of operation were remarkably improved and competitiveness was enhanced significantly. The brand incubation effort of White Horse Building continued to increase, a team was organized to participate in the Beijing Fair of China International Fashion and Accessories Expo 2014 for the first time, 120 White Horse brands were arranged for display in exhibition tours in Kunming, and won the awards of "Incubation Base for Fashion Brands in China" and "Top 10 Professional Markets of Fashion in China" again. The Manager adhered to implementing the marketing strategy of "going out and bringing in" and successfully organized a series of marketing activities, including the 8th White Horse Fashion Procurement Festival and the "bring home warmth" campaign featuring big favours in purchasing. Moreover, efforts were dedicated to marketing innovations by fully utilizing new media power, such as websites and Weixin, to widen marketing channels, develop marketing vision, continue to expand the branding influence of White Horse Building and reinforce its benchmark position in the industry;

Victory Plaza — significant increase in rental value of property, the result of commercial adjustment began to bear fruit

On 28 September 2014, Victory Plaza used the brand new commercial brand image "VT101" to launch its grand opening, the first stage of commercial adjustment was successfully completed, there has been a successful metamorphosis on its commercial image. Reaping the benefits from the adjustment of commercial positioning, and the active and efficient business-soliciting strategies of the Manager, several premium brand tenants such as UNIQLO, the flagship shop in South China, Adidas, Swatch and TanYu(探魚), Genki Sushi and La Cesar Pizzeria were successfully brought into Victory Plaza. Complemented with distinctive marketing and promotion, all of its rentable space were rent out, the rental unit price during the period increased by 27.4%. Cope with the introduction of new tenants, the Manager also refurbished Victory Plaza, and the distinctive brand image of "VT101" has been initially established, which successfully transformed Victory Plaza into an emerging international fast fashion experiencing centre in the CBD of Tianhe District and the property value increased significantly.

Fortune Plaza, City Development Plaza, Yue Xiu Neo Metropolis Plaza — customers retention through service innovations, rental increased to new high level

In 2014, the three office projects of Fortune Plaza, City Development Plaza and Yue Xiu Neo Metropolis Plaza strived to retain customers through service innovations, rental increased to new high level while maintaining a steady occupancy rate. The Manager actively responded to external competition by enhancing customer loyalty through service innovations, including Fortune Plaza's provision of the "EC services" to their tenants enabling them to enjoy Easy and speedy information, Convenient, Comfortable and Comprehensive tenants-related services. City Development Plaza has put in great effort in elevating their tenants management services by providing "6M" services featuring "6 More" delivering More Comfortable, More Efficient, More Convenient, More Tailor-made, More Delicate and More Comprehensive services for their tenants. Yue Xiu Neo Metropolis Plaza has also provided the "Star Service, New Experience" for their tenants. All three service concepts are based on upgrading property service and become the pioneer in the industry. According to the customer satisfaction survey 2014 completed by SGS, a third party organization, the overall customer satisfaction level of the three office projects was 95%, the customer referral level was 84%, both were at a relatively high level in the industry. Among them, the customer satisfaction level and referral level of City Development Plaza was 100% and 97% respectively. The Manager also adopted various measures to facilitate lease renewals with core tenants and tenant mix optimization work. Among these projects, City Development Plaza secured lease renewals smoothly with core tenants, such as Taikang Life Insurance Co. Ltd and Ping An Bank, while Yue Xiu Neo Metropolis Plaza had consolidated some small-sized units and successfully brought in quality tenants such as Guangdong Zhonglian Assets Appraisal Co. Ltd and Shanghai Minghang.

Guangzhou International Finance Center - actively formulated leasing strategies to enhance overall service experience and create a new height in commercial image

In 2014, GZIFC's office properties continued to perform well in leasing on the basis of an excellent business solicitation team, flexible leasing strategies and effective customer relationship management. The Manager successfully secured quality tenants and effectively avoided the impact of competition from future new projects through measures such as lease renewal in advance, as well as personalized and customized renewal plans. As a result, the property recorded an annual high renewal rate of 91.2% and realized an approximately 5% increase in unit renewal price. Meanwhile, making use of the matured business environment of GZIFC and the flexible combination of business solicitation strategies, the property has successfully attracted a number of quality tenants such as the British Consulate General Guangzhou, the China-Britain Business Council, the Peru Consulate General Guangzhou, the Congo Consulate General Guangzhou, Youngy Investment Holding Group Co., Ltd. (a BYD Group Company), Bosch and Siemens Household Appliances (a home appliance group ranking third in the world and first in Europe), and Guangzhou Chengfa Capital Co. Ltd. (a State-owned fund). The Manager also endeavoured to enhance customer services and strengthen the soft power of the property by creating a 6S star service system and launching a brand new WeChat interactive platform to increase customer loyalty and consolidate the landmark icon of a high-end business platform.

For the retail mall segment, traditional department stores have experienced the impact of national macroeconomic policies and e-commerce which have unfavourably affected the results of their operations. However, with increasing and maturing retail properties in the vicinity, general development of the retail-commercial area in Pearl River New Town of Guangzhou has become more and more matured. In 2014, the Manager paid close attention to the development of retail-commercial area in the Pearl River New Town of Guangzhou, conducted a wide range of market research, as well as actively planning for optimization and enhancement of the shopping mall in GZIFC.

In 2014, the overall supply in the market of high-end hotels and serviced apartments remained relatively stable in Guangzhou, and the market mainly concentrated in stock consumption with no entrance of new competitors throughout the year. The Manager effectively monitored the operating conditions of Four Seasons Hotel and Ascott Serviced Apartments through positive asset supervision means such as intensive market data benchmark analysis and real-time monitoring of room rate levels. The Manager also adopted measures including customer satisfaction surveys, banquet sites utilization efficiency, customer source and market analysis, strongly propelled hotel / apartments to focus on product quality improvement and service quality enhancement, so as to increase market share and achieve ongoing improvement in business performance. During the Reporting Period, Four Seasons Hotel achieved excellent operating performance, with its average occupancy rate, average room rate and Revenue Per Available Room ("RevPAR") which were 8.0%, 35.0% and 46.0% respectively higher than its direct competitors. Ascott Serviced Apartments recorded an increase in operating earnings as expected, with its average occupancy rate, average room rate and RevPAR which were 1.0% lower, 31.0% higher and 30.0% higher, respectively, than its direct competitors.

Pursued active progress in asset enhancement projects, realized and maintained enhancement of property value

In 2014, the Manager continually invested in various capital nature renovation projects, including the improvement work on the layout of units in the office building at GZIFC, safety upgrade and renovation of oil depot in the generator room at GZIFC, installation of low-voltage switch gear with under-voltage delay devices at GZIFC, renovation work of installation of additional video surveillance devices for the parking lot at GZIFC; replacement of fan coils at White Horse Building; renovation of the public areas of City Development Plaza; installation of additional air conditioners and replacement of cooling tubes at Fortune Plaza; renovation work for adjusting the electrical load and improving the air-conditioning system in the podium at Victory Plaza, renovation work for the range hood system in the podium at Victory Plaza, and refurbishment and renovation work of the rentable space at Victory Plaza, amounted to a total renovation cost of more than RMB30 million. All of these investments have ensured the operation safety of all projects, and effective improvement in the business environment of the properties.

In 2015, the Manager will keep on planning for investment in a number of capital nature renovation projects at GZIFC, White Horse Building, City Development Plaza and Victoria Plaza, so as to further augment the operation efficiency and business environment of the properties.

Actively seeking for investment opportunities

In 2014, the investment department of the Manager continued to implement the investment strategy to seek actively and decide prudently, and continued to identify good quality property projects mainly in the core regions of tier 1 cities such as Beijing and Shanghai in China. Beijing, being the capital city of China and the core city of the Beijing-Tianjin-Hebei Economic Rim, had experienced a blowout surge in its commercial property market, in particular office rental after the Beijing Olympics in 2008, while achieving a steady growth in office rental at present. Shanghai, ranked No. 1 in GDP among the cities of China, is striving to build up itself as an international central city in four aspects, namely, the "economic, financial, shipping and trade" areas, with increasing growth in the commercial property market, such as the office market. The Manager will seek and select projects consistent with the REIT strategy for focus analysis, as well as capturing investment opportunities and optimizing the investment portfolio of the REIT.

Solidly executed rating maintenance to sustain investment-class rating

The Manager has secured a good credit rating for Yuexiu REIT through increasing the income of property portfolio, implementing prudent fiscal policy and controlling financial cost. In 2014, Moody's and Standard & Poor's have retained Baa2 and BBB investment-class rating respectively for Yuexiu REIT in their updated rating reports, they have also restated that Yuexiu REIT is enjoying a steady prospect.

Continuously optimized the debt structure and reduced the financing cost

The Manager optimized debt structure and reduced financing cost while controlling total debt at a basically stable level. In 2014, Yuexiu REIT repaid approximately RMB390 million of relatively high interest domestic loans, as a result, the weighted average ratio of domestic loan dropped from 46.9% to 40.6%, while the average financing cost of Yuexiu REIT decreased from 4.77% in the beginning of the year to 4.46%.

FINANCIAL REVIEW

FINANCIAL RESULTS

Both rental income and net property income of Yuexiu REIT were higher than those in 2013. The following is a summary of Yuexiu REIT financial results for the Reporting Year:

	2014	2013	**Increase/ (Decrease)**
	RMB'000	*RMB'000*	
Gross income	**1,571,168**	1,370,653	14.6%
Hotel and serviced apartments direct expenses	**(298,166)**	(249,444)	19.5%
Leasing agents fees	**(33,122)**	(29,649)	11.7%
Property related taxes (Note 1)	**(244,299)**	(223,493)	9.3%
Other property expenses (Note 2)	**(8,069)**	(7,648)	5.5%
Total property operating expenses	**(583,656)**	(510,234)	14.4%
Net property income	**987,512**	860,419	14.8%
Withholding tax	**(56,132)**	(50,728)	10.7%
Depreciation and amortisation	**(148,144)**	(144,335)	2.6%
Manager's fees	**(105,713)**	(99,461)	6.3%
Trustee fees	**(7,609)**	(7,365)	3.3%
Other trust expenses (Note 3)	**(21,181)**	(11,948)	77.3%
Total non-property expenses	**(338,779)**	(313,837)	7.9%
Net profit before finance expenses, finance income and income tax	**648,733**	546,582	18.7%
Finance income	**165,497**	234,722	(29.5)%
Finance expenses	**(381,203)**	(441,431)	(13.6)%
Net profit before income tax	**433,027**	339,873	27.4%
Income tax expenses	**(177,276)**	(148,594)	19.3%
Net profit after income tax before fair value gain on investment properties	**255,751**	191,279	33.7%
Fair value gain on investment properties	**672,216**	332,788	102.0%
Net profit after income tax before transactions with Unitholders	**927,967**	524,067	77.1%

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 RMB1,571.168 million (2013: RMB1,370.653 million) and RMB987.512 million (2013: RMB860.419 million) respectively, which represented an increase of 14.6% and 14.8% respectively while comparing with 2013.

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

	2014	2013
	RMB'000	*RMB'000*
Office	**639,548**	573,101
Wholesales	**366,146**	339,322
Retail	**121,044**	123,058
Hotel and serviced apartments	**444,430**	335,172
Total	**1,571,168**	1,370,653

Net property income amounted to approximately RMB987.512 million (2013: RMB860.419 million), representing approximately 62.9% 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.

	2014	2013
	RMB'000	*RMB'000*
Office	**501,302**	441,996
Wholesales	**288,776**	268,749
Retail	**96,410**	96,522
Hotel and serviced apartments	**101,024**	53,152
Total	**987,512**	860,419

Hotel and serviced apartments direct expenses were approximately RMB298,166,000, an increase of 19.5% as compared with 2013. It was mainly because of an increase of 32.6% in operation revenue.

Leasing agent fees increased by approximately 11.7% as compared with 2013. It was mainly because of an increase in rental income of office and wholesales.

Property related tax increased by approximately 9.3% as compared with 2013. It was mainly because of an increase of rental income.

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

Overall, the Manager's fees increased by approximately 6.3% as a result of the increase in total assets and net property income. The Trustee fees increased by approximately 3.3% as a result of the increase in total assets.

As Renminbi depreciated against Hong Kong dollar and US dollar for the Reporting Year, the bank borrowings denominated in Hong Kong Dollar and secured note loans denominated in United States Dollar resulted in an exchange loss of approximately RMB11,047,000. Excluding this exchange factor, the finance expenses actually incurred for the Reporting Year amounted to approximately RMB370,156,000 (2013: RMB441,431,000).

Profit after tax before transactions with Unitholders amounted to approximately RMB927,967,000 (2013: RMB524,067,000), which represented a 77.1% increase, mainly due to the fair value gain on properties valuation for the Reporting Year being approximately RMB672,216,000 (2013: RMB332,788,000).

Top-up Payment

Top-up Payment for the Reporting Year is approximately RMB104,399,000. After deducting the amount RMB66,178,000 paid by Yuexiu Property on 19 August 2014, the balance amounting to RMB38,221,000 should be paid by Yuexiu Property within 7 business days after the announcement of Yuexiu REIT's annual result for the Reporting Year. Please refer to the Offering Circular dated 30 June 2012 for details.

Net Asset Value

The net assets (including net assets attributable to deferred Unitholders) attributable to the existing Unitholders per unit as at 31 December 2014 was approximately RMB4.69 (2013: RMB4.58), which represented an increase of approximately 2.4%.

New Units Issued and Unit Activity

In respect of the full settlement of the Manager's fees during the Reporting Year, Yuexiu REIT newly issued 18,295,934 and 14,801,421 units at HK$3.764 and HK$4.013 on 28 March 2014 and 29 August 2014 respectively. As at 31 December 2014, a total of 2,799,795,685 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK$4.08 and a low of HK$3.59 during the Reporting Year. The average trading volume amounted to approximately 3,728,906 Units per day during the Reporting Year (2013: 6,394,388 Units).

The closing price of the Units as at 31 December 2014 was HK$3.89, represented a discount of approximately 34.6% as compared to the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2014.

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. RMB390,000,000 was repaid through its own funds and internal arrangement in 2014. Part of the loan amounting to RMB1,210,000,000 had already been repaid as of 31 December 2014. On 7 January 2015, Manager had arranged to repay part of the loan amounting to RMB300,000,000.

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 Special Purpose Vehicles ("SPV'), entered into a facility agreement with certain lending banks in connection with a three-year fixed-term floating rate unsecured term loan of HK$2,850,000,000 which bears interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus 1.78% per annum. HK$2,650,000,000 and HK$200,000,000 were drawn from the loan on 19 December 2013 and 30 April 2014, respectively, and were utilized 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 1 July 2014, 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 plus 1.83% term loan facility of HK$600,000,000. The loan was drawn down on 25 September 2014 and for general corporate working capital requirement.

As at 31 December 2014, total borrowings of Yuexiu REIT amounted to approximately RMB8,109,396,000 (calculation of total borrowings based on bank loan and other borrowings, excluding capitalization of debt-related expenses), representing approximately 32% 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 2014, total liabilities of Yuexiu REIT (excluding net assets attributable to the Unitholders) amounted to approximately RMB12,133,950,000, representing approximately 47.8% 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 2014 amounted to approximately RMB999,453,000. 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.

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/payable service fees to Yicheng, White Horse PM and GZYXAM in the amounts of RMB9,775,000, RMB10,984,000 and RMB12,363,000 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 2014, Yuexiu REIT employed 747 and 138 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.

Foreign Account Tax Compliance Act ("FATCA")

Hong Kong and the United States ("U.S.") have substantially concluded discussions and agreed in substance on a Model 2 inter-governmental agreement ("IGA") that will facilitate compliance with the U.S. FATCA by financial institutions in Hong Kong. Under the IGA, Hong Kong Financial Institutions will need to register with US Internal Revenue Service ("IRS"). Hong Kong and the US signed a Model 2 IGA on 13 November 2014.

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

CORPORATE GOVERNANCE

The Manager has adopted an overall corporate governance framework 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.

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 2015.

ANNUAL GENERAL MEETING

The Manager proposed that the annual general meeting of Yuexiu REIT for the Reporting Year to be held on 14 May 2015. 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 2014

	Note	**2014** **RMB'000**	2013 RMB'000
Revenue	5	**1,571,168**	1,370,653
Operating expenses	6	**(922,435)**	(824,071)
Fair value gain on investment properties	15	**672,216**	332,788
Finance income	9	**165,497**	234,722
Finance expenses	10	**(381,203)**	(441,431)
Profit before income tax and transactions with unitholders		**1,105,243**	672,661
Income tax expense	11	**(177,276)**	(148,594)
Profit after income tax before transactions with unitholders		**927,967**	524,067
Transactions with unitholders	27	**(1,014,632)**	(631,117)
Loss after income tax and transactions with unitholders		**(86,665)**	(107,050)
Other comprehensive income for the year :			
Items that will not be reclassified to profit or loss			
Change in fair value of property, plant and equipment, net of tax			
- Gross		**125,089**	149,656
- Tax		**(35,024)**	(41,925)
Other comprehensive income for the year, net of tax		**90,065**	107,731
Total comprehensive income for the year		**3,400**	681

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to				
	Unitholders before transactions with unitholders RMB'000	**Transactions with unitholders (Note 27)** RMB'000	**Unitholders after transactions with unitholders** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
Profit/(loss) for the year ended 31 December 2013	524,553	(631,117)	(106,564)	(486)	(107,050)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	106,564	—	106,564	1,167	107,731
Total comprehensive income for the year ended 31 December 2013	631,117	(631,117)	—	681	681
Profit/(loss) for the year ended 31 December 2014	**925,506**	**(1,014,632)**	**(89,126)**	**2,461**	**(86,665)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Change in fair value of property, plant and equipment, net of tax	**89,126**	**—**	**89,126**	**939**	**90,065**
Total comprehensive income for the year ended 31 December 2014	**1,014,632**	**(1,014,632)**	**—**	**3,400**	**3,400**

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, are presented in Note 12.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	**2014**	2013
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	13	**2,369,494**	2,342,284
Land use rights	14	**1,577,109**	1,626,394
Investment properties	15	**19,299,000**	18,605,000
Deferred assets	17	**175,670**	142,487
Goodwill	18	**160,324**	160,324
Top-up payment asset, non-current portion	19	**118,448**	109,959
		23,700,045	22,986,448
Current assets			
Inventories		**4,438**	3,607
Trade receivables	20	**11,564**	10,971
Amounts due from related parties		**531,855**	766,523
Tax recoverable		**1,160**	1,360
Prepayments, deposits and other receivables	21	**31,368**	27,001
Top-up payment asset, current portion	19	**82,721**	113,844
Short-term bank deposits	22	**13,153**	—
Cash and cash equivalents	22	**986,300**	639,786
		1,662,559	1,563,092
Total assets		**25,362,604**	24,549,540
Current liabilities			
Trade payables	24	**14,518**	12,935
Rental deposits, current portion	25	**131,172**	102,049
Receipts in advance	25	**59,674**	48,681
Accruals and other payables	25	**1,003,370**	1,201,283
Amounts due to related parties		**69,371**	68,141
Borrowings	26	**300,000**	300,000
		1,578,105	1,733,089

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	25	**113,281**	115,456
Receipt in advance	25	**25,638**	—
Borrowings	26	**7,809,396**	7,541,894
Deferred tax liabilities	23	**2,607,530**	2,406,333
		10,555,845	10,063,683
Total liabilities, other than net assets attributable to unitholders		**12,133,950**	11,796,772
Net assets attributable to unitholders	27	**13,141,954**	12,669,468
Total liabilities		**25,275,904**	24,466,240
Net assets		**86,700**	83,300
Equity			
Revaluation reserve		**201,529**	112,403
Retained earnings		**(201,529)**	(112,403)
		—	—
Non-controlling interests		**86,700**	83,300
Total equity		**86,700**	83,300
Net current assets/(liabilities)		**84,454**	(169,997)
Total assets less current liabilities		**23,784,499**	22,816,451
Units in issue ('000)	27	**2,799,796**	2,766,698
Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)		**RMB 4.69**	RMB 4.58
Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)		**RMB 3.93**	RMB 3.81

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	**2014** **RMB'000**	2013 RMB'000
Profit after income tax before transactions with unitholders attributable to unitholders		**925,506**	524,553
Adjustments for the total distributable income (i)			
- Fair value gains on investment properties		**(672,216)**	(332,788)
- Deferred taxation in respect of fair value gain on investment property charged to profit or loss		**78,559**	41,688
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		**(256,532)**	(276,134)
- Foreign exchange gain on financing activities		**—**	(130,498)
Total distributable income		**75,317**	(173,179)
Additional items (ii)			
- Cash received and/or receivable according to the Deed of Top-up Payments		**104,399**	165,812
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		**256,532**	276,134
- Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards ("HKFRS")		**148,144**	144,335
- Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		**72,235**	77,803
- Manager's fee paid and payable in units in lieu of cash		**100,428**	99,461
- Amortisation of loan transaction costs due to early repayment of borrowings		**—**	24,055
- Interest income and fair value gain from top-up payment asset		**(105,388)**	(15,823)
- Foreign exchange loss in financing activities		**11,047**	—
Distributable income after additional items		**662,714**	598,598
Distributable amount at 1 January		**320,053**	284,658
Distributions paid during the year (iii)	27	**(643,932)**	(563,203)
Final distribution declared		**338,835**	320,053
Distribution per unit, declared (iv)		**RMB0.1210**	RMB0.1157

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

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 2013 to 31 December 2013 of RMB0.1149 (equivalent to HK$0.1455) per unit and interim distribution for the period from 1 January 2014 to 30 June 2014 of RMB0.1157 (equivalent to HK$0.1456) per unit, totalling RMB643,932,000 (2013: RMB563,203,000 equivalent to HK$702,019,000), were paid to unitholders on 13 May 2014 and 28 October 2014 respectively.

(iv) A final distribution for the period from 1 July 2014 to 31 December 2014 of RMB0.1210 (equivalent to HK$0.1530) per unit, totaling RMB338,835,000(equivalent to HK$428,369,000) was declared by the Board of the Manager on 13 February 2015.

CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Net assets Attributable to unitholders	Equity			Total
		Retained earnings	Revaluation reserve	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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	12,669,468	(112,403)	112,403	83,300	12,752,768
At 1 January 2014	**12,669,468**	**(112,403)**	**112,403**	**83,300**	**12,752,768**
Issuance of units	**101,786**	**—**	**—**	**—**	**101,786**
Profit/(loss) for the year ended 31 December 2014 attributable to:					
- Unitholders	**1,014,632**	**—**	**—**	**—**	**1,014,632**
- Equity holders	**—**	**(89,126)**	**—**	**2,461**	**(86,665)**
Distributions paid to unitholders	**(643,932)**	**—**	**—**	**—**	**(643,932)**
Change in fair value of property, plant and equipment, net of tax	**—**	**—**	**89,126**	**939**	**90,065**
At 31 December 2014	**13,141,954**	**(201,529)**	**201,529**	**86,700**	**13,228,654**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash generated from operations	28	**861,050**	749,721
Interest paid		**(352,733)**	(405,648)
Corporate income tax paid		**(10,903)**	(10,039)
Top-up payment received		**128,022**	233,668
Net cash generated from operating activities		**625,436**	567,702
Cash flows from investing activities			
Additions of investment properties		**(21,784)**	(8,212)
Additions of property, plant and equipment		**(980)**	(367)
Interest received		**60,109**	88,401
(Increase)/decrease in short-term bank deposits with original maturity of more than three months		**(13,153)**	125,000
Net cash generated from investing activities		**24,192**	204,822
Cash flows from financing activities			
Distributions paid		**(643,932)**	(563,203)
Proceeds from borrowings, net of transaction costs		**629,032**	4,202,491
Repayment of bank borrowings		**(390,000)**	(4,623,518)
Issuance of units		**101,786**	77,471
Net cash used in financing activities		**(303,114)**	(906,759)
Net increase/(decrease) in cash and cash equivalents		**346,514**	(134,235)
Cash and cash equivalents at beginning of the year		**639,786**	774,021
Cash and cash equivalents at end of the year	22	**986,300**	639,786

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.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) New and amended standards effective for the year ended 31 December 2014

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Novation of Derivatives and continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HK(IFRIC) — Interpretation 21	Levies

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

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 yet effective for the year ended 31 December 2014 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1st January 2016
HKAS 19 (Amendment)	Employee benefits	1st July 2014
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 2010-2012 cycle	Improvements to HKFRSs	1st July 2014
Annual improvements 2011-2013 cycle	Improvements to HKFRSs	1st July 2014
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 plans to adopt these new standards, amendments to standards and interpretations when they become effective.

2 **Summary of significant accounting policies (Continued)**

(b) **Consolidation**

(i) Subsidiaries

The consolidated financial statements include the financial statements of Yuexiu REIT and all of its subsidiaries made up to 31 December 2014.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(ii) Business Combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

2 **Summary of significant accounting policies (Continued)**

(b) **Consolidation (Continued)**

(ii) Business Combinations (Continued)

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(c) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Manager that makes strategic decisions.

(d) **Foreign currency translation**

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is Yuexiu REIT's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "finance income" or "finance expenses". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "operating expenses".

(e) **Property, plant and equipment**

(i) Hotel and serviced apartments comprise mainly buildings, leasehold improvements and fixtures and furniture of hotel and serviced apartment, and are stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

2 **Summary of significant accounting policies (Continued)**

(e) **Property, plant and equipment (Continued)**

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When a revalued asset is sold, the amount included in the revaluation reserve is transferred to net assets attributable to unitholders.

(ii) All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliable.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Hotel and serviced apartment are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 40 years after the date of completion.

Leasehold improvements, furniture, fixtures and office supplies	3-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "operating expenses" in the consolidated statement of comprehensive income.

(f) **Investment properties**

Investment property, principally comprising leasehold land, office buildings and shopping mall, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cashflows projections. These valuations are performed in accordance with the guidance issued by the International Valuation

2 Summary of significant accounting policies (Continued)

(f) Investment properties (Continued)

Standards Committee. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the profit or loss.

(g) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets of the acquired subsidiaries.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(h) Impairment of non-financial assets

Intangible assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(j) Inventories

Inventories comprise primarily food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2 **Summary of significant accounting policies (Continued)**

(k) **Loan and other receivables**

Loan and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of loan and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

Subsequent recoveries of amounts previously written off are credited to the profit or loss.

If collection of loan and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(l) **Land use rights**

The upfront prepayments made for the land use rights are expensed in the profit or loss on a straight-line basis over the period of the rights or when there is impairment, the impairment is expensed in the profit or loss.

(m) **Rental deposits**

Rental deposits are financial liabilities with fixed or determinable repayments. They arise when the Group enters into lease agreement directly with tenants. They are included in current liabilities, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current liabilities.

Rental deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. At initial recognition, the difference between the carrying amount of the financial liability and the actual consideration received is treated as initial premiums and recognised as rental income over the lease term, on a straight-line basis.

(n) **Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(o) **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2 Summary of significant accounting policies (Continued)

(o) Trade payables (Continued)

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(r) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 **Summary of significant accounting policies (Continued)**

(s) **Current and deferred income tax (Continued)**

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in China where Yuexiu REIT and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilits are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for rental income in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below.

(i) Rental income

Operating lease rental income is recognised on a straight-line basis over the period of the lease. When the Group provides incentives to its tenants, the cost of incentives will be recognised over the lease term, on a straight-line basis, as a reduction of rental income. The difference between the gross receipt of rental and operating lease rental recognised over the lease term is recognised as deferred assets.

(ii) Hotel and serviced apartment income

Hotel and serviced apartment income are recognised when services are rendered.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(u) **Distributions to unitholders**

In accordance with the Trust Deed, Yuexiu REIT is required to distribute to unitholders not less than 90% of the Group's profit for each financial year subject to adjustments allowed under the REIT Code and the Trust Deed. These units are therefore classified as financial liabilities in accordance with HKAS 32 and, accordingly, the distributions paid to unitholders represent finance costs and are therefore presented as an expense in the profit or loss. Consequently, Yuexiu REIT has recognised distributions as finance costs in the profit or loss.

(v) **Employee benefits**

(i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 **Summary of significant accounting policies (Continued)**

(v) **Employee benefits (Continued)**

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3 **Financial risk management**

(a) **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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Manager of Yuexiu REIT identifies and evaluates financial risks. The Manager provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, non-derivative financial instruments, and investing of excess liquidity.

(i) Market risk

(a) Foreign exchange risk

The Group operates in China with most of the transactions denominated in RMB. The Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents, short-term bank deposits, accruals and other payables, amount due to a related party and bank borrowings, denominated primarily in Hong Kong dollar ("HK$") and United States dollar ("USD"). The Group has not specifically hedged this exposure considering that the foreign exchange risk is not significant at the moment.

At 31 December 2014 and 2013, if RMB had weakened/strengthened by 1 % against HK$ and USD with all other variables held constant, post-tax profit for the year ended 31 December 2014 would have been approximately RMB22,214,000 (2013: RMB39,875,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK$ and USD denominated cash and cash equivalents, short-term bank deposits, accruals and other payables, amount due to a related party and borrowings.

3 **Financial risk management (Continued)**

(a) **Financial risk factors (Continued)**

(i) Market risk (Continued)

(b) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by deposits, held at variable rate.

Under the Group's interest rate management policy, the Group generally raises borrowings at floating rates and may use floating-to-fixed interest rate swaps to manage the risk where the Group forecasts a significant rise in interest charge in the foreseeable future. The Group did not enter into any swaps for its floating-rate borrowing as at 31 December 2014 and 2013. At 31 December 2014 and 2013, if interest rates on borrowing had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been approximately RMB80,306,000 (2013: RMB93,190,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, trade receivables, amounts due from related parties, other receivables, top-up payment asset and deposits with banks and financial institutions, as well as credit exposures to tenants, including committed transactions.

The table below shows the bank deposits balance of the three major banks at the balance sheet date. Management does not expect any losses from non-performance by these banks.

	2014	2013
	RMB'000	RMB'000
Counterparty		
The Hongkong and Shanghai Banking Corporation Ltd.	**16,710**	4,884
Bank of China	**786,822**	557,640
DBS Bank Ltd. Hong Kong Branch	**187,160**	49,788
	990,692	612,312

The Group has no policy to limit the amount of credit exposure to any financial institution.

The Group has policies in place to ensure that sales are made to customers with an appropriate financial strength and appropriate percentage of down payment. It also has other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risks, with exposure spread over a number of counterparties and customers.

The carrying amount of the receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to these financial assets. The credit risk for bank deposits and bank balances is considered by the Group to be minimal as such amounts are generally placed with state-owned banks or banks with good ratings.

3 **Financial risk management (Continued)**

(a) **Financial risk factors (Continued)**

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and operating cash flow. The Group has short-term bank deposits and cash and cash equivalents of RMB999,453,000 as at 31 December 2014 (2013: RMB639,786,000). Due to the nature of the underlying business, the Manager maintains flexibility by adjusting the amount of distributions to be paid for the percentage in excess of 90% of the distributable income.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year RMB'000	**Between one and two years RMB'000**	**Between two and five years RMB'000**	**Over five years RMB'000**	**Total RMB'000**
As at 31 December 2014					
Rental deposits	**131,172**	**25,212**	**77,066**	**11,003**	**244,453**
Trade payables	**14,518**	**—**	**—**	**—**	**14,518**
Accruals and other payables	**1,003,370**	**—**	**—**	**—**	**1,003,370**
Amounts due to related parties	**69,371**	**—**	**—**	**—**	**69,371**
Bank borrowings, secured					
- Principal to be repaid	**300,000**	**2,601,733**	**1,663,755**	**1,420,000**	**5,985,488**
- Interest payables	**406,035**	**382,379**	**426,720**	**191,135**	**1,406,269**
Other borrowings, unsecured					
- Principal to be repaid	**—**	**—**	**2,123,908**	**—**	**2,123,908**
- Interest payables	**65,841**	**65,841**	**27,434**	**—**	**159,116**
As at 31 December 2013					
Rental deposits	102,049	64,819	48,746	21,804	237,418
Trade payables	12,935	—	—	—	12,935
Accruals and other payables	1,201,283	—	—	—	1,201,283
Amounts due to related parties	68,141	—	—	—	68,141
Bank borrowings, secured					
- Principal to be repaid	300,000	300,000	3,208,510	1,955,000	5,763,510
- Interest payables	297,057	276,747	586,016	360,503	1,520,323
Other borrowings, unsecured					
- Principal to be repaid	—	—	2,171,225	—	2,171,225
- Interest payables	67,308	67,308	28,045	—	162,661

3 **Financial risk management (Continued)**

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders.

Consistent with others in the industry, the Manager monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings (including current and non-current borrowings) divided by total asset value as shown in the consolidated balance sheet.

During 2014, the Group's strategy, which was unchanged from 2013, was to maintain a gearing ratio not exceeding 45%. The gearing ratio at 31 December 2014 and 2013 were as follows:

	2014	2013
	RMB'000	RMB'000
Total borrowings (Note 26)	**8,109,396**	7,841,894
Total asset value	**25,362,604**	24,549,540
Gearing ratio	**32%**	32%

There is no significant change in gearing ratio during the year.

(c) Fair value estimation

The carrying amounts of the Group's current financial assets including cash and cash equivalents, short-term bank deposits, trade and other receivables, amounts due from related parties and top-up payment asset and current financial liabilities including borrowings, rental deposits, accruals and other payables, and amounts due to related parties approximate their fair values due to their short maturities.

The fair value of non-current financial assets and financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

See Note 13 for disclosures of property, plant and equipment, Note 15 for investment properties that are measured at fair value and Note 19 for top-up payment asset.

4 Critical accounting estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of property, plant and equipment and investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the directors of the Manager determine the amount within a range of reasonable fair value estimates. In making its judgement, the directors of the Manager consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of properties is not available, the fair values of properties are determined using discounted cash flow valuation techniques. The directors of the Manager use assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the directors of the Manager and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition. These valuations are reviewed annually by external valuers.

The fair value of property, plant and equipment and investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Notes 13 and 15 respectively.

(b) Estimate of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(g). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 18).

5 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 is measured in a manner consistent with that in the consolidated statement of comprehensive income.

	Hotel and serviced apartments	**Office rental**	**Wholesale and shopping mall**	**Group**
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014				
Revenue from external customers	**444,430**	**639,548**	**487,190**	**1,571,168**
Segment results	**340,377**	**510,755**	**592,629**	**1,443,761**
Depreciation and amortisation	**146,137**	**2,007**	**—**	**148,144**
Fair value gain on investment properties	**—**	**376,300**	**295,916**	**672,216**
Year ended 31 December 2013				
Revenue from external customers	335,172	573,101	462,380	1,370,653
Segment results	255,093	344,149	344,989	944,231
Depreciation and amortisation	142,308	2,027	—	144,335
Fair value gain on investment properties	—	162,242	170,546	332,788
As at 31 December 2014				
Total reportable segments' assets	**4,667,646**	**11,728,693**	**8,781,354**	**25,177,693**
As at 31 December 2013				
Total reportable segments' assets	4,615,293	14,529,027	5,231,764	24,376,084

5 **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	
	2014	2013
	RMB'000	*RMB'000*
Segment results	**1,443,761**	944,231
Unallocated operating costs (Note)	**(122,812)**	(64,861)
Operating profit	**1,320,949**	879,370
Finance income	**165,497**	234,722
Finance expenses	**(381,203)**	(441,431)
Profit before income tax and transactions with unitholders	**1,105,243**	672,661

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	
	2014	2013
	RMB'000	*RMB'000*
Total reportable segments' assets	**25,177,693**	24,376,084
Tax recoverable	**1,160**	1,360
Corporate assets	**183,751**	172,096
Total assets	**25,362,604**	24,549,540

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
China	**1,571,168**	1,370,653	**25,177,693**	24,376,084
Unallocated assets			**184,911**	173,456
			25,362,604	24,549,540

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

5 Revenue and segment information (Continued)

The Group's revenue by nature is as follows:

	2014	2013
	RMB'000	RMB'000
Hotel and serviced apartments operations		
Room Rentals	**244,496**	170,102
Food and beverages	**183,317**	154,276
Property rentals	**1,108,421**	1,015,481
Others	**34,934**	30,794
	1,571,168	1,370,653

6 Expenses by nature

	2014	2013
	RMB'000	RMB'000
Property management fees (i)	**33,122**	29,649
Employee benefit expenses (Note 7)	**117,709**	102,584
Real estate tax	**149,336**	137,367
Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	**92,409**	84,068
Withholding tax (ii)	**56,132**	50,728
Depreciation of property, plant and equipment (Note 13)	**98,859**	95,050
Amortisation of land use rights (Note 14)	**49,285**	49,285
Cost of inventories sold or consumed in operation	**47,273**	52,100
Other direct expenses on hotel and serviced apartment	**133,184**	94,760
Manager's fee (Note 8)	**105,713**	99,461
Trustee's fee	**7,609**	7,365
Valuation fees	**791**	908
Legal and professional fee	**8,796**	3,038
Auditor's remuneration	**3,192**	3,100
Bank charges	**701**	926
Others	**18,324**	13,682
Total operating expenses	**922,435**	824,071

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%.

7 **Employee benefit expenses**

	2014	2013
	RMB'000	RMB'000
Wages, salaries and bonus	**83,374**	62,039
Pension costs	**4,541**	4,313
Medical benefits costs	**3,454**	2,574
Social security costs	**5,679**	4,820
Staff welfare	**20,661**	28,377
Others	**—**	461
	117,709	102,584

Pension scheme arrangements

Certain subsidiaries of Yuexiu REIT in China are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Government, and make monthly contributions to the retirement plans in the range of 16% to 24% of the monthly salaries of the employees. The Group has no further obligations for the actual payment of pensions beyond its contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

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.

	2014	2013
	RMB'000	RMB'000
Manager's fee:		
In the form of units	**100,428**	99,461
In the form of cash	**5,285**	—
	105,713	99,461

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

	2014	2013
	RMB'000	RMB'000
Interest income from bank deposits	**7,860**	13,194
Interest income from a related company	**52,249**	75,207
Interest income from top-up payment asset	**7,121**	9,011
Fair value gain on top-up payment asset	**98,267**	6,812
Foreign exchange gain on financing activities	**—**	130,498
	165,497	234,722

10 Finance expenses

	2014	2013
	RMB'000	RMB'000
Interest expense for bank borrowings	**286,076**	363,017
Interest expense for other borrowings	**66,657**	42,631
Amortisation of transaction costs for borrowings	**17,423**	35,783
Foreign exchange loss on financing activities	**11,047**	—
	381,203	441,431

11 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 6 (ii).

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

	2014	2013
	RMB'000	RMB'000
Current income tax		
- China corporate income tax	**10,770**	10,380
- Under-provision in prior years	**333**	234
Deferred income tax (Note 23)	**166,173**	137,980
	177,276	148,594

11 **Income tax expense (Continued)**

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:

	2014	2013
	RMB'000	RMB'000
Profit before income tax and transactions with unitholders	**1,105,243**	672,661
Tax calculated at domestic tax rate of 25%	**276,311**	168,165
Income not subject to tax	**(219,539)**	(147,034)
Expenses not deductible for tax purposes	**103,724**	102,786
Under-provision in prior years	**333**	234
Withholding tax on unremitted earnings of subsidiaries	**16,447**	24,443
	177,276	148,594

12 **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.

	2014	2013
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	925,506	524,553
Weighted average number of units in issue ('000)	2,785,752	2,755,126
Basic earnings per unit (RMB)	0.33	0.19

12 **Earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders (Continued)**

(b) **Diluted**

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the 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 manger's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 31 December 2014.

	2014	2013
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	**925,506**	524,553
Weighted average number of units in issue ('000)	**2,785,752**	2,755,126
Adjustments for deferred units ('000)	**733,280**	733,280
Adjustments for manager's fee in form of units ('000)	**16,364**	9,178
Weighted average number of units for diluted earnings per unit ('000)	**3,535,396**	3,497,584
Diluted earnings per unit (RMB)	**0.26**	0.15

13 Property, plant and equipment

	Hotel and serviced apartments RMB'000	**Office supplies** RMB'000	**Motor vehicles** RMB'000	**Total** RMB'000
At 1 January 2013				
Cost	2,292,000	12,692	9,503	2,314,195
Accumulated depreciation	(22,139)	(12,259)	(625)	(35,023)
Fair value gain on revaluation	8,139	—	—	8,139
Net book amount	2,278,000	433	8,878	2,287,311
Year ended 31 December 2013				
Opening net book amount	2,278,000	433	8,878	2,287,311
Additions	367	—	—	367
Depreciation (Note 6)	(93,023)	(153)	(1,874)	(95,050)
Fair value gain on revaluation	149,656	—	—	149,656
Closing net book amount	2,335,000	280	7,004	2,342,284
At 31 December 2013				
Cost	2,292,367	12,692	9,503	2,314,562
Accumulated depreciation	(115,162)	(12,412)	(2,499)	(130,073)
Fair value gain on revaluation	157,795	—	—	157,795
Net book amount	2,335,000	280	7,004	2,342,284
Year ended 31 December 2014				
Opening net book amount	**2,335,000**	**280**	**7,004**	**2,342,284**
Additions	**980**	**—**	**—**	**980**
Depreciation (Note 6)	**(96,852)**	**(132)**	**(1,875)**	**(98,859)**
Fair value gain on revaluation	**125,089**	**—**	**—**	**125,089**
Closing net book amount	**2,364,217**	**148**	**5,129**	**2,369,494**
At 31 December 2014				
Cost	**2,293,347**	**12,692**	**9,503**	**2,315,542**
Accumulated depreciation	**(212,014)**	**(12,544)**	**(4,374)**	**(228,932)**
Fair value gain on revaluation	**282,884**	**—**	**—**	**282,884**
Net book amount	**2,364,217**	**148**	**5,129**	**2,369,494**

If hotel and serviced apartments had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of RMB2,083,962,000 (2013: RMB2,176,522,000).

As at 31 December 2014, property, plant and equipment with an aggregate carrying amount of RMB 2,364 million (2013: RMB2,335 million) were pledged as collateral for the Group's bank borrowings (Note 26).

13 **Property, plant and equipment (Continued)**

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

	2014	2013
	RMB'000	RMB'000
Opening balance	**2,335,000**	2,278,000
Additions	**980**	367
Depreciation	**(96,852)**	(93,023)
Unrealised gains recognised in reserve	**125,089**	149,656
Closing balance	**2,364,217**	2,335,000
Changes in unrealised gains or losses for the year included in other comprehensive income at the end of the year	**125,089**	149,656

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and service apartments were revalued by Vigers Appraisal and Consulting Limited and Savills Valuation and Professional Services Limited, both being independent qualified valuer not related to the Group at 31 December 2014 and 2013 respectively.

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 10 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.

13 **Property, plant and equipment (Continued)**

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 year.

Significant inputs used to determine fair value

Capitalisation and discount rates are estimated by Vigers Appraisal and Consulting Limited for 2014 and Savills Valuation and Professional Services Limited for 2013 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 31 December 2013

	Unit Rate/day (RMB)	**Discount Rate** (%)	**Stabilised Occupancy Rate** (%)
Hotel	2,000	7.0	75.0
Serviced apartments	984	7.5	85.0

As at 31 December 2014

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

14 **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:

	2014 **RMB'000**	*2013* RMB'000
At 1 January	**1,626,394**	1,675,679
Amortisation (Note 6)	**(49,285)**	(49,285)
At 31 December	**1,577,109**	1,626,394

14 Land use rights (Continued)

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

	31 December 2014	*31 December 2013*
	RMB'000	RMB'000
In China:		
Land use rights of between 10 and 50 years	**1,577,109**	1,626,394

As at 31 December 2014, the fair value of land use rights is approximately RMB1,906 million (2013: RMB1,809 million). The change in fair value is not reflected in the consolidated financial statements.

As at 31 December 2014, land use rights were pledged with an aggregate net book amount of approximately RMB1,577 million (2013: RMB1,626 million) as collateral for the Group's bank borrowings (Note 26).

15 Investment properties

	2014	*2013*
	RMB'000	RMB'000
At 1 January	**18,605,000**	18,264,000
Additions during the year	**21,784**	8,212
Fair value gains during the year, included in profit or loss under 'Fair value gain on investment properties'	**672,216**	332,788
At 31 December	**19,299,000**	18,605,000
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under 'Fair value gain on investment properties'	**672,216**	332,788

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

In the consolidated statement of comprehensive income, direct operating expenses relating to investment properties amounted to RMB185,072,000 (2013: RMB169,903,000). Included in the direct operating expenses, RMB5,115,000 (2013: RMB7,743,000) was relating to investment properties that were vacant.

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

As at 31 December 2014, investment properties with an aggregate net book value of approximately RMB5,911 million (2013: RMB5,812 million) were pledged as collateral for the Group's bank borrowings (Note 26).

15 **Investment properties (Continued)**

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 and Savills Valuation and Professional Services Limited, both being independent qualified valuer not related to the Group at 31 December 2014 and 2013 respectively.

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 year.

Significant inputs used to determine fair value

Capitalisation and discount rates are estimated by Vigers Appraisal and Consultancy Limited for 2014 and Savills Valuation and Professional Services Limited for 2013 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.

15 Investment properties (Continued)

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

As at 31 December 2013

	Monthly Market Unit Rent	**Capitalisation Rate**
	(RMB per sq.m.)	(per annum)
Office	81 to 265	5.00% to 8.00%
Retail	86 to 1,096	5.25% to 8.50%

As at 31 December 2014

	Monthly Market Unit Rent	**Capitalisation Rate**
	(RMB per sq.m.)	(per annum)
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 31 December 2013

	Monthly Market Unit Rent	**Discount Rate**	**Stabilised Occupancy Rate**
	(RMB per sq.m.)		
Office	81 to 265	7.00% to 9.50%	90.00% to 99.00%
Retail	86 to 1,096	7.25% to 9.80%	95.00% to 99.50%

As at 31 December 2014

	Monthly Market Unit Rent	**Discount Rate**	**Stabilised Occupancy Rate**
	(RMB per sq.m.)		
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%

16 **Subsidiaries**

Name	**Place of incorporation/ establishment and kind of legal entity**	**Principal activities and place of operations**	**Particulars of issued share capital / registered capital**	**Interest held** (Note)
GZI REIT (Holding) 2005 Company Limited ("HoldCo 2005")	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share	100%
Yuexiu REIT 2012 Company Limited ("HoldCo 2012")	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Yuexiu REIT MTN Company Limted ("REIT MTN")	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Yuexiu REIT 2013 Company Limited ("REIT 2013")	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Partat Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Moon King Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Full Estates Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Keen Ocean Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Metrogold Development Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Guangzhou Jieyacheng Properties Company Limited	China, limited liability company	Leasing of commercial properties in China	Registered capital of RMB92 million	100%

16 **Subsidiaries (Continued)**

Name	**Place of incorporation/ establishment and kind of legal entity**	**Principal activities and place of operations**	**Particulars of issued share capital / registered capital**	**Interest held** (Note)
Tower Top Development Ltd. ("Tower Top")	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary share of USD1	99.99%
Bliss Town Holdings Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Hoover Star International Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Miller Win Group Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Shinning Opal Management Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Ever Joint Investment International Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share	99.99%
Long Grace Holdings Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share	99.99%
Profit Link Investment International Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share	99.99%
San Bright Holdings Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share	99.99%
Guangzhou Yuecheng Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK$300 million	99.99%
Guangzhou Yuesheng Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK$300 million	99.99%

16 **Subsidiaries (Continued)**

Name	**Place of incorporation/ establishment and kind of legal entity**	**Principal activities and place of operations**	**Particulars of issued share capital / registered capital**	**Interest held** (Note)
Guangzhou Yuehui Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK$300 million	99.99%
Guangzhou Yueli Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK$300 million	99.99%
Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd	China, limited liability company	Property management and property leasing	Registered capital of RMB2,650 million	98.99%
Guangzhou IFC Hospitality Management Co. Ltd	China, limited liability company	Hospitality management	Registered capital of RMB5 million	98.99%

Note: Shares of HoldCo 2005, HoldCo 2012, REIT MTN, REIT 2013 and Metrogold Development Limited are held directly by Yuexiu REIT. Shares of all the other subsidiaries are held indirectly by Yuexiu REIT.

17 **Deferred assets**

Rental income is recognised on an accruals 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.

18 Goodwill

	RMB'000
At 31 December 2014	
Cost	**160,324**
Accumulated impairment	**—**
	160,324
31 December 2014	
Net book amount	**160,324**
At 31 December 2013	
Cost	160,324
Accumulated impairment	—
	160,324
31 December 2013	
Net book amount	160,324

Impairment test for goodwill

For the purpose of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use pretax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget.

Key assumptions used in the cash flow projections are as follows:

	2014	2013
Growth rate per annum	**3.40%**	4%
Discount rate per annum	**6.87%**	8.62%

These assumptions have been used for the analysis of the cash-generating unit ("CGU"). Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the CGU. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections.

19 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 value of the balance approximates its carrying amount.

It is initially recoginsed at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cashflows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 2.970% (2013: 3.575%) per annum. Top-up payment asset is subsequently carried at amortised cost using the effective interest method. The expected future cash flows are revisited 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".

The top-up payment for the year ended 31 December 2014 was RMB104,399,000 (2013: RMB165,812,000).

20 Trade receivables

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**11,564**	10,971

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:

	2014	2013
	RMB'000	*RMB'000*
0 - 30 days	**10,031**	2,004
31 - 90 days	**967**	8,211
91 - 180 days	**566**	267
181-365 days	**—**	—
Over 1 year	**—**	489
	11,564	10,971

As at 31 December 2014, trade receivables of approximately RMB11,564,000 (2013: RMB10,971,000) were fully performing.

As at 31 December 2014, no trade receivables (2013: nil) were past due.

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

21 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.

22 Short-term bank deposits and cash and cash equivalents

	2014	2013
	RMB'000	*RMB'000*
Cash at bank and on hand	**804,850**	615,130
Short-term bank deposits with original maturity of less than three months	**181,450**	24,656
Cash and cash equivalents	**986,300**	639,786
Short-term bank deposits with original maturity of more than three months	**13,153**	—
Total	**999,453**	639,786
Maximum exposure to credit risk	**999,049**	639,375

As at 31 December 2014, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB 786,480,000 (2013: RMB575,072,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of the 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 as disclosed in Note 3(a)(ii). The existing counterparties do not have defaults in the past.

Short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	2014	2013
	RMB'000	*RMB'000*
HK$	**212,200**	63,353
RMB	**786,884**	575,483
USD	**369**	950
	999,453	639,786

23 Deferred tax liabilities

	2014	2013
	RMB'000	*RMB'000*
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	**2,607,530**	2,406,333

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

	2014	2013
	RMB'000	*RMB'000*
Beginning of the year	**2,406,333**	2,226,428
Deferred taxation charged to profit or loss (Note 11)	**166,173**	137,980
Deferred taxation charged to reserve	**35,024**	41,925
End of the year	**2,607,530**	2,406,333

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

	Tax losses
	RMB'000
At 1 January 2013	**—**
Credited to profit or loss	**35,937**
At 31 December 2013	**35,937**
At 1 January 2014	**35,937**
Credited to profit or loss	**36,071**
At 31 December 2014	**72,008**

23 Deferred tax liabilities (Continued)

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

	Fair value gains	Withholding tax in respect of unremitted earnings of subsidiaries	Accelerated depreciation allowance and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2013				
At 1 January 2013	1,952,613	238,970	34,845	2,226,428
Charged to profit or loss	41,688	16,566	115,663	173,917
Charged to reserve	41,925	—	—	41,925
At 31 December 2013	2,036,226	255,536	150,508	2,442,270
Year ended 31 December 2014				
At 1 January 2014	**2,036,226**	**255,536**	**150,508**	**2,442,270**
Charged to profit or loss	**78,559**	**5,702**	**117,983**	**202,244**
Charged to reserve	**35,024**	**—**	**—**	**35,024**
At 31 December 2014	**2,149,809**	**261,238**	**268,491**	**2,679,538**

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

24 Trade payables

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**14,518**	12,935

The fair values of trade payables approximate their carrying amounts.

24 **Trade payables (Continued)**

The ageing analysis of the trade payables is as follows:

	2014	2013
	RMB'000	*RMB'000*
0 - 30 days	**10,991**	8,571
31 - 90 days	**2,680**	4,189
91 - 180 days	**844**	117
181-365 days	**3**	58
	14,518	12,935

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

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

	2014	2013
	RMB'000	*RMB'000*
Rental Deposits		
Current portion	**131,172**	102,049
Non-current portion	**113,281**	115,456
	244,453	217,505
Receipts in advance		
Current portion	**59,674**	48,681
Non-current portion	**25,638**	—
	85,312	48,681
Provision for withholding tax payable	**6,801**	7,903
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	**5,362**	5,887
Construction fee payable	**873,161**	1,097,022
Accruals for operating expenses	**118,046**	90,471
Accruals and other payables	**1,003,370**	1,201,283
	1,333,135	1,467,469

25 **Rental deposits, receipts in advance, accruals and other payables (Continued)**

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.

26 **Borrowings**

	2014	2013
	RMB'000	*RMB'000*
Current portion of long term borrowings, secured	**300,000**	300,000
Long-term borrowings		
Bank borrowings		
- Secured	**3,290,000**	3,680,000
- Unsecured	**2,695,488**	2,050,832
Other borrowings, unsecured (Note)	**2,123,908**	2,111,062
	8,109,396	7,841,894
Less: current portion of long-term borrowings	**(300,000)**	(300,000)
Total long-term borrowings	**7,809,396**	7,541,894
Analysed into:		
Unsecured	**4,819,396**	4,161,894
Secured	**3,290,000**	3,680,000
	8,109,396	7,841,894

Bank borrowings of the Group are guaranteed on a joint and several basis[1] and also secured by the following:

- certain parts of Guangzhou IFC amounting to RMB9,852 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 ("Yuexiu REIT 2012"), Tower Top Development Ltd. ("Tower Top"), BVI Holdcos[2] and HK Holdcos[3], subsidiaries of the Group;
- all right, title and interest in all present and future loans of Yuexiu REIT 2012, Tower Top, BVI Holdcos[2] and HK Holdcos[3];

26 **Borrowings (Continued)**

[1] A syndicated loan amounting to RMB3,290 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 RMB2,227 million is jointly and severally guaranteed by Tower Top, BVI Holdcos[2] and HK Holdcos[3].

[2] "BVI Holdcos" include Bliss Town Holdings Ltd., Hoover Star International Ltd., Miller Win Group Ltd. and Shinning Opal Management Ltd.

[3] "HK Holdcos" include Ever Joint Investment International Limited, Long Grace Holdings Limited, Profit Link Investment International Limited and San Bright Holdings Limited.

The maturity of borrowings at the balance sheet date is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**300,000**	300,000
Between one year and five years	**6,389,396**	5,676,894
Over five years	**1,420,000**	1,865,000

The effective interest rates (per annum) of the borrowings at the balance sheet date were as follows:

	2014	2013
RMB	**6.50%**	6.92%
HK$	**2.00%**	2.55%
USD	**3.15%**	3.10%

The carrying amounts of the borrowings are denominated in RMB, HK$ and USD and approximate their fair values.

	2014	2013
	RMB'000	*RMB'000*
RMB	**3,290,000**	3,680,000
HK$	**2,695,488**	2,050,832
USD	**2,123,908**	2,111,062
	8,109,396	7,841,894

The Group has no undrawn borrowing facilities as at 31 December 2014 (2013: HK$ 200 million).

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 31 December 2014.

27 Net assets attributable to unitholders

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**12,669,468**	12,524,083
Issuance of units	**101,786**	77,471
Transfer from the consolidated statement of comprehensive income	**1,014,632**	631,117
Distributions paid during the year	**(643,932)**	(563,203)
At 31 December	**13,141,954**	12,669,468

	2014	2013
	RMB'000	*RMB'000*
Net assets attributable to existing unitholders	**11,012,373**	10,539,887
Net assets attributable to deferred unitholder (Note)	**2,129,581**	2,129,581
	13,141,954	12,669,468

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 2014 was 733,280,000 units (31 December 2013: 733,280,000 units).

The movement of units is as below:

	2014	2013
	'000	*'000*
At 1 January	**2,766,698**	2,743,210
Units issued during the year (Note)	**33,098**	23,488
At 31 December	**2,799,796**	2,766,698

Note

During 2014, 33,098,000 units were issued for the payment of manager's fee (2013: 23,488,000 units).

28 Note to the consolidated statement of cash flows

	2014	2013
	RMB'000	*RMB'000*
Profit before income tax and transactions with unitholders	**1,105,243**	672,661
Adjustments for:		
- Depreciation expenses	**98,859**	95,050
- Amortisation of land use right	**49,285**	49,285
- Amortisation of transaction costs for bank borrowings	**17,423**	35,783
- Foreign exchange losses/(gains) on financing activities	**11,047**	(130,498)
- Fair value gains on investment properties	**(672,216)**	(332,788)
- Fair value gains on top-up payment asset	**(98,267)**	(6,812)
- Interest income	**(60,109)**	(88,401)
- Interest income from top-up payment asset	**(7,121)**	(9,011)
- Interest expenses	**352,733**	405,648
Changes in working capital:		
- Deferred assets	**(33,183)**	(25,990)
- Inventories	**(831)**	364
- Trade receivables	**(593)**	320
- Amounts due from related companies	**234,668**	221,156
- Prepayments, deposits and other receivables	**(4,367)**	(2,245)
- Trade payables	**1,583**	4,258
- Rental deposits	**26,948**	22,785
- Receipts in advance	**36,631**	23,842
- Accruals and other payables	**(197,913)**	(207,537)
- Amounts due to related parties	**1,230**	21,851
Cash generated from operations	**861,050**	749,721

29 Capital commitments

	2014	2013
	RMB'000	*RMB'000*
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	**15,137**	8,336
Authorised but not contracted for	**40,841**	51,810
	55,978	60,146

30 Future minimum rental receivable

At 31 December 2014, the Group had future minimum rental receivable under non-cancellable leases as follows:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**1,001,602**	933,480
Between one year and five years	**1,816,774**	1,334,683
Over five years	**502,293**	598,874
	3,320,669	2,867,037

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 February 2015

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

Executive Directors:	*Messrs. Liu Yongjie and Lin Deliang*
Non-executive Director:	*Mr. Li Feng*
Independent Non-executive Directors:	*Messrs. Chan Chi On, Derek, Chan Chi Fai, Brian and Cheung Yuk Tong*