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**(Stock code: 00405)**

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**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

The board of directors (the “Board”) of Yuexiu REIT Asset Management Limited (the “Manager”) is pleased to announce the unaudited interim results of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) for the six months ended 30 June 2013 (“Interim Period”) as follows:

**FINANCIAL HIGHLIGHTS**

The following is a summary of Yuexiu REIT’s financial results during the 2013 and 2012 Interim Period:

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

	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2013</b>	<b>2012</b>	<b>Increase / (Decrease) %</b>
Gross Income	638,934,000	271,489,000	135.3%
Net property income	399,070,000	212,329,000	87.9%
Profit after tax	230,253,000	252,992,000	(9.0)%
Earnings per unit	0.0839	0.2373	(64.6)%

	<b>30 June 2013</b>	<b>31 December 2012</b>	<b>Change Increase/ (Decrease) %</b>
Distribution per Unit	0.1012	0.1037	(2.4)%
Equivalent to HK\$	0.1272	0.1282	(0.8)%
Portfolio valuation	22,534,000,000	22,326,000,000	0.9%
Net assets attributable to Unitholders	12,515,217,000	12,524,083,000	(0.1)%
Net assets (including net assets attributable to deferred Unitholders) attributable to existing Unitholders per unit	4.55	4.57	(0.4)%

## **DISTRIBUTION**

In accordance with the Trust Deed, Yuexiu REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. According to the offering circular (“OC”) issued to Unitholders dated 30 June 2012, the Manager has intended that Yuexiu REIT will distribute to the Unitholders an amount equal to 100% of Yuexiu REIT’s Total Distributable Income and Additional Item for the financial year ended from 31 December 2012 to 31 December 2016.

The Manager has resolved to declare an interim distribution to Unitholders for the 2013 Interim Period of approximately RMB0.1012 which is equivalent to HK\$0.1272 (June 2012: approximately RMB0.1114 which is equivalent to HK\$0.1367) per unit (December 2012: RMB0.1037 which is equivalent to HK\$0.1282). Such interim distribution per Unit, however, is subject to adjustment upon the issuance of new units between 1 July 2013 and the record date. Further announcement will be made to inform Unitholders of the interim Distribution per Unit for the six months ended 30 June 2013.

The 2013 interim distribution amounting to approximately RMB278,547,000 which is equivalent to HK\$350,145,000 (2012: approximately RMB118,775,000 which is equivalent to HK\$145,718,000).

The Manager confirms that the distribution amount is composed of profit/loss after tax before transactions with the Unitholders and additional items. The additional items of RMB394,048,000 includes certain profit elements in the capital nature of Yuexiu REIT. The amount of capital nature items is RMB148,889,000.

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

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

### **Distribution Per Unit**

Distribution to Unitholders for the 2013 Interim Period is HK\$0.1272 (2012: HK\$0.1367) per unit, represents a yield of approximately 3.01% (2012: 3.67%) per unit based on the closing price of HK\$4.23 per unit as at 30 June 2013 (2012: HK\$3.72). This represents an annualized distribution yield of 6.02%.

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

The record date for the interim distribution will be 25 September 2013. The register of Unitholders will be closed from 26 September 2013 to 27 September 2013, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, on 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 25 September 2013. The 2013 interim distribution will be paid on 24 October 2013, to the Unitholders whose names appear on the register of Unitholders on 25 September 2013.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Stable growth in operating results**

In the first half of 2013, the macro-economy of China underwent a slow growth. Yuexiu REIT continued to implement active leasing and asset management strategies, favourable results were achieved by all of its properties consistently. In particular, despite an increase in the supply of offices at Zhujiang New Town and a temporary rise in the vacancy rate, the occupancy rate of offices in the Guangzhou International Finance Center (“GZIFC”) still continued to rise and fulfilled expectations. Under the impact of the concentrated efforts in controlling on “three categories of official spending” and the emergence of new competitors, there was a slight slow-down in the growth of the performance results of the Four Seasons Hotel and the Ascott Apartments, but the superb quality image of the Four Seasons Hotel is well received and recognized by the market, while the Ascott Apartments displayed and captured greater market attraction, further enhancing the competitiveness of properties, establishing a solid foundation for future income growth and long-term development of Yuexiu REIT.

#### **Property Portfolio**

As at 30 June 2013, the property portfolio of Yuexiu REIT consisted of six properties, namely, White Horse Building Units (“White Horse Building”), Fortune Plaza Units (“Fortune Plaza”), City Development Plaza Units (“City Development Plaza”), Victory Plaza Units (“Victory Plaza”), Yue Xiu Neo Metropolis Plaza Units (“Neo Metropolis”) and GZIFC. The aggregate area of ownership was approximately 680,971.1 sq.m., total rentable area was 441,297.9 sq.m. (excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area of Neo Metropolis; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and other ancillary facilities area of GZIFC, the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

#### **Property Valuation**

According to a revaluation performed by an independent professional valuer, Savills Valuation and Professional Services Limited (“Savills”) on the portfolio of properties of Yuexiu REIT, the revalued market valuation as at 30 June 2013 was approximately RMB22,534 million, representing an increase of RMB208 million or 0.9% over the valuation as at 31 December 2012. The net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit was RMB4.55, representing a decrease of 0.4% over the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2012.

The following table summarizes the valuation of each of the properties as at 30 June 2013 and 31 December 2012:

Name of property	Valuation as at	Valuation as at	Increase percentage
	30 June 2013	31 December 2012	
	<i>RMB million</i>	<i>RMB million</i>	
White Horse Building	3,915.0	3,855.0	1.6%
Fortune Plaza	792.0	780.0	1.5%
City Development Plaza	660.0	648.0	1.9%
Victory Plaza	794.0	782.0	1.5%
Neo Metropolis	761.0	749.0	1.6%
GZIFC	<u>15,612.0</u>	<u>15,512.0</u>	0.6%
Total	<u>22,534.0</u>	<u>22,326.0</u>	0.9%

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

Property	Type	Location	Year of Completion ( <i>sq.m.</i> )	Area of Ownership ( <i>sq.m.</i> )	Total Rentable Area	Property Occupancy Rate <sup>(1)</sup>	Unit Rent <sup>(1)</sup> ( <i>RMB/sq.m./ month</i> )
White Horse Building	Wholesale shopping mall	Yuexiu District	1990	50,199.3	50,128.9	100.00%	553
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	99.64%	134
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	97.39%	118
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	95.87%	191
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3 <sup>(2)</sup>	98.31% <sup>(2)</sup>	97
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.8	78.78%	197
including:	Grade A office			267,804.4	183,539.5 <sup>(3)</sup>	74.13% <sup>(3)</sup>	217
	Retail shopping mall			46,989.2	46,727.3	97.03%	137
	Hotel			91,460.9	N/A	N/A	N/A
	Serviced apartments			<u>51,102.3</u>	<u>N/A</u>	N/A	N/A
Total				<u>680,971.1</u>	<u>441,297.9</u>	88.20%	215

*Note:*

- (1) As at 30 June 2013;
- (2) Excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area;
- (3) Excluding 76,512.3 sq.m. of parking space area.

Operational Property	Type	Commencement of operation	GFA (sq.m.)	Number of Units (units)	Average Occupancy Rate	Average Rent <sup>(1)</sup> (RMB/room/night)
Four Seasons Hotel Guangzhou <sup>(2)</sup>	Five-star hotel	August 2012	91,460.9	344	42.7%	1,948

Note:

(1) From 1 January 2013 to 30 June 2013.

(2) The hotel is an entrusted operation.

Operational Property	Type	Commencement of operation	GFA (sq.m.)	Number of units (units)	Occupancy rate <sup>(1)</sup>	Unit Rent <sup>(1)</sup> (RMB/sq.m.)
Ascott Serviced Apartments <sup>(2)</sup>	High-end serviced apartments	September 2012	51,102.3	314	38.5%	195

Note:

(1) As at 30 June 2013.

(2) The service apartments are entrusted operations.

## Occupancy rate stayed at high level

As at 30 June 2013, the overall occupancy rate of properties was approximately 88.20%. The occupancy rate of the original five properties was 98.47%, representing a slight increase of 0.13 percentage point as compared to 98.34% recorded in the corresponding period of the previous year, and continued to operate at a high level. Consolidated occupancy rate of GZIFC, which was acquired last year, was 78.78%, of which occupancy rate of offices was 74.13% and occupancy rate of retail shopping mall was 97.03%.

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

<b>Name of property</b>	<b>Occupancy rate as at 30 June 2013</b>	<b>Occupancy rate as at 30 June 2012</b>	<b>Percentage increase/ (decrease) as compared to 30 June 2012</b>
White Horse Building	100.00%	100.00%	0.00%
Fortune Plaza	99.64%	97.73%	1.91%
City Development Plaza	97.39%	97.69%	(0.30)%
Victory Plaza	95.87%	95.94%	(0.07)%
Neo Metropolis	98.31%	99.05%	(0.74)%
Sub-total of original projects	98.47%	98.34%	0.13%
GZIFC offices	74.13%	N/A	N/A
GZIFC shopping mall	97.03%	N/A	N/A
Total	88.20%	N/A	N/A

#### **Revenue continued to increase**

During the interim period of 2013, the properties of Yuexiu REIT realized total revenue of approximately RMB638.9 million, representing a 135.3% increase as compared to the corresponding period year-on-year. Of which, the percentage of total revenue contributed by White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis and GZIFC was approximately 26.2%, 5.3%, 4.3%, 2.5%, 4.6% and 57.1% respectively.

No bad debt was recorded during the Reporting Period.

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

Name of property	Revenue	Revenue	Increase/ (Decrease)	Increase/ (Decrease)
	for 2013 Interim Period <i>RMB million</i>	for 2012 Interim Period <i>RMB million</i>	as compared to 2012 Interim Period <i>RMB million</i>	in revenue from properties <i>Percentage</i>
White Horse Building	167.5	158.9	8.6	5.4%
Fortune Plaza	34.0	31.7	2.3	7.3%
City Development Plaza	27.6	25.8	1.8	7.0%
Victory Plaza	16.2	27.9	(11.7)	(41.9)%
Neo Metropolis	<u>29.6</u>	<u>27.2</u>	<u>2.4</u>	8.8%
Sub-total of original projects	274.9	271.5	3.4	1.3%
GZIFC	<u>364.0</u>	<u>—</u>	<u>364.0</u>	N/A%
Total	<u><u>638.9</u></u>	<u><u>271.5</u></u>	<u><u>367.4</u></u>	135.3%

### **White Horse Building — optimize customer mix, manifest the distinguished features of operation**

The Manager fully leveraged on the opportunity of lease expiry of the 8th floor at White Horse Building to reformulate the positioning of floor operation and successfully introduced a number of quality ladies fashion brands with strong branding awareness, comprehensive marketing channels and well-established stable customer sources, further enhancing the feature of operation of the White Horse market with dominance in ladies fashion, and in turn strengthened the overall competitiveness of White Horse Building. Meanwhile, the image enhancement project for the 2nd floor made active progress, major mechanical and electrical equipment had been replaced and the common areas were renovated to bring a vogue for brand new trendy experience to all the merchants and merchandisers from various regions of China. Furthermore, on the 20th anniversary of business operation of the White Horse market, the nationwide roadshow activities of White Horse brands entered Western China, creating a whirlwind of vogue for fashion in Chengdu, deepening interaction among industry participants and creating new cooperation opportunities.



**Fortune Plaza — enhance quality of customer service, improve overall image of properties**

During the first half of the year, Fortune Plaza focused on the persistent improvement in the quality of customer service by using the premium property itself as the benchmark. Through adopting a number of all-round measures to enhance the lobby environment, lighting and improvement in air quality, and implemented caring and supportive customer services, the environmental image of the lobby of Fortune Plaza was enhanced in all aspects from the visual, aromatic and audio perspectives.

**City Development Plaza — actively attract targeted customers, enhance the overall rentals of properties**

The Manager is striving to attract and develop a major tenant base for the property. Adjustments were made during the first half of the year to a number of focused low-rental tenants. The mix of tenants was optimized and refurbishment was carried out in the public area of certain floors, the operating environment of the plaza was improved. The average rental level of leases with new tenants recorded satisfactory increments, ensuring a comprehensive and stable growth in asset value.

**Neo Metropolis — strengthen management on lease renewal, stabilize quality customers**

Neo Metropolis targeted at the characteristic of expiring leases occupying a large amount of area and high proportion of key tenants, advance planning for reasonable arrangements was made and commenced negotiations for lease renewals half a year earlier. The Manager had already completed the lease renewals of approximately 70% of the key tenants for the whole year, more satisfactory rental growth was recorded in renewed leases. The asset value captured a sustained increase.

**Victory Plaza — full implementation of operational adjustment to facilitate project optimisation and upgrade**

The Manager continued its project operational adjustments commenced last year, and secured the positioning of “Fast Fashion” for Victory Plaza. UNIQLO, an international fast fashion brand, was successfully brought in as a tenant. UNIQLO Victory Plaza Shop would be its first “global flagship shop” in South China as well as an anchor tenant of Victory Plaza. The adjustment had caused the early termination of two tenancy agreements and incurred one-off loss of rentals, however the Manager was of the view that tenancy mix would be significantly improved as a result of the introduction of UNIQLO, it should bring satisfactory return to the project in the

medium to long term. Following the successful acquiring of an anchor tenant, the Manager will continue to strive to implement its brand adjustment plan by further improving its asset quality to enhance the competitiveness and long-term asset appreciation ability of the project.

**Guangzhou International Finance Center — strengthening merchant solicitation and marketing efforts, showing gradually the comprehensive competitive edge of the project**

In the first half of the year, the occupancy rate of Guangzhou International Finance Center recorded a steady growth with an average rental income higher than that of its surrounding area in overall. In light of the tenancy mix and the floor profile with vacant units in the office building, the Manager adopted a flexible, differentiated tenancy strategy to actively introduce influential and renowned customers. Through effective integration of its favorable resources including Four Seasons Hotel and services apartments, as well as continuous improvement in service quality, its customers' appreciation and satisfaction with the project have been improved. By actively expanding its customer base through different channels, it had successfully held the GZIFC customer gathering and the business promotion meetings in Beijing and Shanghai to realize cross-region tenancy cooperation. Meanwhile, it enhanced its communication and collaboration with a number of national and regional chambers of commerce and major professional agencies to explore effective resources for business solicitation.

Under the impact of intensified Euro debt crisis, the territorial-political factors and the increase in market supply, competitive pressure in the high-end hotel market increased. However, Guangzhou Four Seasons Hotel recorded overall performance better than its competitors in the luxury hotels sector and achieved a reasonable growth in operational results as expected. Through continuous accumulation of customer base, the room revenue as a percentage of the operating income increased gradually and the revenue structure became more reasonable.

In the first half of the year, although the market supply of high-end serviced apartments increased and competition became more intense, Ascott Apartments recorded reasonable increase both in operating income and occupancy rate. Through multi-channel business solicitation and promotion, the number of core tenants of Ascott Apartments continued to increase, an occupancy rate of 38.5% was reached as at June 30, 2013.

The Manager believes that, as the overall operation of GZIFC matures, the comprehensive competitive edge of the project will gradually become apparent. With the effort of our professional operation team, the occupancy rates and overall performance of the office, hotel and serviced apartments will continue to elevate.

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

In the first half of the year, various asset enhancement works have been completed by the Manager, including the renovation work of the whole level 2 and the upgrading of several passenger elevators and escalators at White Horse Building; the decoration work at the common area of three floors each of City Development Plaza and Fortune Plaza, which have effectively improved the business environment of the properties.

In the second half of the year, the Manager will focus on implementing the renovation and upgrade of certain facilities and equipments at White Horse Building, City Development Plaza, Fortune Plaza and GZIFC as well as continuing the decoration works at the common area of several levels at City Development Plaza, so as to further enhance the operation efficiency and business environment of the properties.

### **Widen financing channels, optimize the debt structure**

After the successful injection of GZIFC into Yuexiu REIT, the Manager strengthened studies on the indebtedness of Yuexiu REIT and strived to optimize the financing structure. The Manager commenced the work on credit rating in the first half of 2013, and the Yuexiu REIT was granted credit ratings above the investment ratings of Baa2 and BBB by the international rating agencies of Moody's and Standard and Poor's respectively. On this basis, the Yuexiu REIT established a US\$1 billion medium-term notes programme and successfully issued US\$350 million 5-year bonds at 3.1% coupon rate during the first half of the year. The net proceeds from the bond issuance was used to repay a bank loan in the principal amount of approximately HK\$2,502 million by the REIT.

The bond issuance was the first of its kind for Yuexiu REIT to issue corporate bonds in Hong Kong, and realized the goals of expanding the diversified financing channels of bank loans and bonds by Yuexiu REIT, extending the maturity dates of debts and achieved the financing target via setting fixed interest rate for part of the debts to optimize the debt structure of the REIT.

## FINANCIAL REVIEW

### Financial Results

Both rental income and net property income were higher than the interim period of 2012. The following is a summary of Yuexiu REIT's financial results during the 2013 Interim Period:

	<b>Six months ended 30 June</b>		
	<b>2013</b>	<b>2012</b>	<b>Increase/ (decrease)</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>%</b>
	<i>RMB'000</i>	<i>RMB'000</i>	
<b>Gross income</b>	<u>638,934</u>	<u>271,489</u>	135.3%
Hotel and serviced apartments direct expenses	(116,859)	—	N/A
Leasing agents' fee	(14,271)	(9,271)	53.9%
Property related taxes ( <i>Note 1</i> )	(105,258)	(48,047)	119.1%
Other property expenses ( <i>Note 2</i> )	<u>(3,476)</u>	<u>(1,842)</u>	88.7%
<b>Total property operating expenses</b>	<u>(239,864)</u>	<u>(59,160)</u>	305.4%
<b>Net property income</b>	<u>399,070</u>	<u>212,329</u>	87.9%
Withholding tax	(24,719)	(24,527)	0.8%
Depreciation and amortization	(71,359)	(10)	713,490.0%
Manager's fees	(44,921)	(17,720)	153.5%
Trustee's fees	(3,731)	(1,135)	228.7%
Other trust expenses ( <i>Note 3</i> )	<u>(9,075)</u>	<u>(5,555)</u>	63.4%
Total non-property expenses	<u>(153,805)</u>	<u>(48,947)</u>	214.2%
<b>Profit before finance costs, finance income and tax</b>	245,265	163,382	50.1%
Finance income	138,937	81	171,427.2%
Finance cost	<u>(237,902)</u>	<u>(32,350)</u>	635.4%
<b>Profit before tax</b>	146,300	131,113	11.6%
Income tax expenses	<u>(82,745)</u>	<u>(13,817)</u>	498.9%
<b>Net profit after tax before fair value gain on investment properties</b>	63,555	117,296	(45.8)%
Fair value gain on investment properties	166,698	165,207	0.9%
Expenses incurred in connection with any transaction in which a transfer of ownership, asset or business	<u>—</u>	<u>(29,511)</u>	N/A
<b>Net profit after tax before transactions with Unitholders</b>	<u>230,253</u>	<u>252,992</u>	(9.0)%

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

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

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

Gross income comes from office, wholesales and retails and hotel and serviced apartments. Gross income is analyzed from the following table.

<i>(RMB'000)</i>	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
Office	273,789	84,701
Wholesales	167,551	158,851
Retails	58,472	27,937
Hotel and serviced apartments	<u>139,122</u>	<u>—</u>
Total	<u>638,934</u>	<u>271,489</u>

Net property income amounted to approximately RMB399.070 million (2012: RMB212.329 million), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property operating expenses, represented approximately 62.5% of total gross income. Net property income is analyzed from the following table.

<i>(RMB'000)</i>	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
Office	212,119	65,155
Wholesales	132,416	125,373
Retails	47,193	21,801
Hotel and serviced apartments	<u>7,342</u>	<u>—</u>
Total	<u>399,070</u>	<u>212,329</u>

Hotel and serviced apartments direct expenses were approximately RMB116,859,000. It was mainly the operation cost incurred by hotel and serviced apartments after acquiring GZIFC.

Leasing agent fee increased by approximately 53.9% as compared with 2012. It was mainly because of a leasing agents' fee of 3% of the gross annual rental for the office portion of GZIFC was charged due to tenancy services to the tenants of office portion was provided.

Property related tax increased by approximately 119.1% as compared with 2012 Interim Period. It was mainly because of an increase of tax resulting from an increase of rental income.

An increase of depreciation and amortization charge was mainly due to hotel and serviced apartment was booked as fixed assets incurring the depreciation and amortization charge.

A net exchange gain of approximately RMB63,572,000 arising from bank borrowings denominated in Hong Kong dollar and US dollar guaranteed medium-term note is mainly due to the depreciation of Hong Kong dollar against RMB as at 30 June 2013.

The financial cost was approximately RMB237,902,000 (2012: RMB32,350,000), which represent an approximately 635.4% increase. It is mainly due to an increase of loan amount from RMB1,990,459,000 to RMB8,273,529,000 and increase of the annual bank borrowing rate.

Profit after tax before transactions with Unitholders amounted to approximately RMB230,253,000 (2012: RMB252,992,000), which represented 9.0% decrease, mainly due to the income tax expenses for the mid-2013 being approximately RMB82,745,000, which was far higher than the amount of approximately RMB13,817,000 recorded for the same period of last year.

### **Top-up Payment**

Top-up Payment for 2013 Interim Period is approximately RMB103,968,000. Yuexiu Property shall pay the said amount within 7 Business Days after the announcement of the Yuexiu REIT's interim results for 2013 Interim Period. Refer to the Circular dated 30 June 2012 for details.

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

In respect of the full settlement of Manager fee during the relevant period, Yuexiu REIT newly issued 9,176,630 units at HK\$4.39 on 28 March 2013. As at 30 June 2013, a total of 2,752,386,371 units were issued by Yuexiu REIT.

The Unit price the Yuexiu REIT reached a high of HK\$4.91 and a low of HK\$3.68 during the 2013 Interim Period. The average trading volume amounted to approximately 7,830,285 Units per day during the 2013 Interim Period (2012: 1,861,000 Units).

## **Net Asset Value**

The net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per unit as at 30 June 2013 was approximately RMB4.55 (31 December 2012: RMB4.57).

## **CAPITAL STRUCTURE**

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

On 8 October 2012, Yuexiu REIT entered into a loan agreement with certain borrowing banks through its special purpose company for a three-year floating rate term loan in the amount of HK\$2,980,000,000 to pay part of the acquisition cost for GZIFC and part of the bank loan, amounting to HK\$380,000,000 had already been repaid on 10 December 2012.

Due to the acquisition of GZIFC, the secured loan of approximately RMB4,500,000,000 was transferred under the name of Yuexiu REIT and part of the bank loan, amounting to RMB446,000,000, had already been repaid as of 30 June 2013.

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

As at 30 June 2013, total borrowings of Yuexiu REIT amounted to approximately RMB8,273,529,000 which represents approximately 33.4% of total assets of Yuexiu REIT.

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

As at 30 June 2013, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB12,189,496,000, representing approximately 49.2% of total assets of Yuexiu REIT.

### **Cash Position**

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2013 amounted to approximately RMB890,144,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

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

### **REVIEW OF FINANCIAL RESULTS**

The results of Yuexiu REIT for the 2013 Interim Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by Yuexiu REIT's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### **ISSUANCE OF 2013 INTERIM REPORT**

The interim report of Yuexiu REIT for the six months ended 30 June 2013 will be published on the websites of the Stock Exchange and Yuexiu REIT and will be sent to Unitholders on or before 31 August 2013.

### **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 2013 Interim Period, there was no repurchase, sale or redemption of units of Yuexiu REIT by Yuexiu REIT or any of its subsidiaries.



## **SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES**

Yuexiu REIT or any of its subsidiaries did not enter into any real estate sale and purchase during the 2013 Interim Period.

## **EMPLOYEES**

As at 30 June 2013, Yuexiu REIT employed 658 and 111 employees in China for hotel operation and for serviced apartment operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service of hotel and serviced apartments.

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

## **CORPORATE GOVERNANCE**

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

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

During the 2013 Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of Yuexiu REIT.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
	<i>Note</i>	<b>2013</b>	<b>2012</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	638,934	271,489
Operating expenses	5	(393,669)	(108,107)
Fair value gains on investment properties		166,698	165,207
Transaction costs for a potential acquisition		—	(29,511)
Finance income	6	138,937	81
Finance cost	7	<u>(237,902)</u>	<u>(32,350)</u>
 Profit before income tax and transactions with unitholders		 312,998	 266,809
Income tax expenses	8	<u>(82,745)</u>	<u>(13,817)</u>
 Profit after income tax before transactions with unitholders		 230,253	 252,992
Transactions with unitholders		<u>(243,021)</u>	<u>(252,992)</u>
 Loss after income tax after transactions with unitholders		 <u>(12,768)</u>	 <u>—</u>
 Other comprehensive income for the period			
Items that may be reclassified to profit or loss:			
Change in fair value of property, plant and equipment, net of tax			
- Gross		16,700	—
- Tax		<u>(4,675)</u>	<u>—</u>
 Other comprehensive income for the period, net of tax		 <u>12,025</u>	 <u>—</u>
 Total comprehensive loss for the period		 <u><u>(743)</u></u>	 <u><u>—</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	Attributable to				
	Unitholders before Transactions with unitholders <i>RMB'000</i>	Transactions with unitholders (Note 14) <i>RMB'000</i>	Unitholders after transactions with unitholders <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
Profit/(loss) and total comprehensive income for the period ended 30 June 2012	<u>252,992</u>	<u>(252,992)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit/(loss) for the period ended 30 June 2013	231,173	(243,021)	(11,848)	(920)	(12,768)
Other comprehensive income	<u>11,848</u>	<u>—</u>	<u>11,848</u>	<u>177</u>	<u>12,025</u>
Total comprehensive income/(loss) for the period ended 30 June 2013	<u>243,021</u>	<u>(243,021)</u>	<u>—</u>	<u>(743)</u>	<u>(743)</u>

*Notes:*

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, and third supplement deed on 25 July 2012 (the “Trust Deed”), Yuexiu REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial period. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash dividends and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders’ proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders’ funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders’ funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders’ funds are disclosed in the consolidated balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement.
  
- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders to unitholders and the average number of units in issue, is presented in Note 9.

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2013**

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
	<i>Note</i>	<b>2013</b>	<b>2012</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		2,257,295	2,287,311
Land use rights		1,651,036	1,675,679
Investment properties		18,438,000	18,264,000
Deferred assets		127,258	116,497
Goodwill		160,324	160,324
Top-up payment asset, non-current portion		<u>156,997</u>	<u>232,448</u>
		<u>22,790,910</u>	<u>22,736,259</u>
<b>Current assets</b>			
Inventories		3,991	3,971
Trade receivables	10	8,845	11,291
Amounts due from related companies		877,260	987,679
Tax recoverable		1,565	1,935
Prepayments, deposits and other receivables	11	30,406	24,756
Top-up payment asset, current portion		183,468	209,200
Short-term bank deposits		—	125,000
Cash and cash equivalents		<u>890,144</u>	<u>774,021</u>
		<u>1,995,679</u>	<u>2,137,853</u>
<b>Total assets</b>		<u>24,786,589</u>	<u>24,874,112</u>
<b>Current liabilities</b>			
Trade payables	12	5,394	8,677
Rental deposits, current portion	13	69,936	73,289
Receipts in advance	13	33,344	24,839
Accruals and other payables	13	1,309,266	1,408,820
Amounts due to related companies		56,954	46,290
Borrowings		104,000	300,000
Tax payable		<u>787</u>	<u>—</u>
		<u>1,579,681</u>	<u>1,861,915</u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2013**

	<i>Note</i>	<b>Unaudited 30 June 2013 RMB'000</b>	<b>Audited 31 December 2012 RMB'000</b>
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Rental deposits, non-current portion	13	131,743	121,431
Borrowings		8,169,529	8,057,636
Deferred tax liabilities		<u>2,308,543</u>	<u>2,226,428</u>
		<u>10,609,815</u>	<u>10,405,495</u>
<b>Total liabilities, other than net assets attributable to unitholders</b>			
		12,189,496	12,267,410
Net assets attributable to unitholders	14	<u>12,515,217</u>	<u>12,524,083</u>
<b>Total liabilities</b>			
		<u>24,704,713</u>	<u>24,791,493</u>
<b>Net assets</b>			
		<u>81,876</u>	<u>82,619</u>
<b>Equity</b>			
Revaluation reserve		17,687	5,839
Accumulated deficit		<u>(17,687)</u>	<u>(5,839)</u>
		—	—
Non-controlling interests		<u>81,876</u>	<u>82,619</u>
<b>Total equity</b>			
		<u>81,876</u>	<u>82,619</u>
<b>Net current assets</b>			
		<u>415,998</u>	<u>275,938</u>
<b>Total assets less current liabilities</b>			
		<u>23,206,908</u>	<u>23,012,197</u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2013**

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
	<i>Note</i>	<b>2013</b>	<b>2012</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Units in issue ('000)</b>	14	<u>2,752,387</u>	<u>2,743,210</u>
<b>Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>		<u>RMB4.55</u>	<u>RMB4.57</u>
<b>Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)</b>		<u>RMB3.77</u>	<u>RMB3.79</u>

**DISTRIBUTION STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
<i>Note</i>	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit after income tax before transactions with unitholders attributable to unitholders	231,173	252,992
Adjustments for the total distributable income <sup>(i)</sup>		
- Fair value gains on investment properties	(166,698)	(165,207)
- Deferred taxation in respect of fair value gain on investment property charged to the consolidated statement of comprehensive income	22,613	6,630
- Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)	(139,078)	(5,115)
- Foreign exchange gain on financing activities	<u>(63,572)</u>	<u>—</u>
<b>Total distributable income</b>	<b>(115,562)</b>	<b>89,300</b>
<b>Additional items</b> <sup>(ii)</sup>		
- Cash received and/or receivable according to the Deed of Top-up Payments	103,968	—
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS	139,078	—
- Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)	71,359	—
- Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights	39,185	—



**DISTRIBUTION STATEMENT (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
	<i>Note</i>	<b>2013</b>	<b>2012</b>
		<i>RMB'000</i>	<i>RMB'000</i>
- Manager's fee paid and payable in units in lieu of cash		44,921	—
- Interest income from top-up payment asset		(4,049)	—
- Fair value gain on top-up payment asset		(24,468)	—
- Amortisation of transaction costs due to early repayment of borrowings		24,054	—
- Transaction costs for a potential acquisition		<u>—</u>	<u>29,511</u>
<b>Distributable income after additional items</b>		278,486	118,811
Distributable amount at 1 January		284,658	113,170
Distribution paid during the period <sup>(iii)</sup>	14	<u>(284,597)</u>	<u>(113,206)</u>
Interim distribution declared <sup>(iv)</sup>		<u>278,547</u>	<u>118,775</u>
Distribution per unit, declared <sup>(iv)</sup>		<u>RMB0.1012</u>	<u>RMB0.1114</u>

*Notes:*

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant period.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed. During the period ended 30 June 2013, the Manager also decided to distribute an additional item of RMB24,054,000 (equivalent to HK\$29,730,000) which was related to the transaction costs due to early repayment of borrowings.
- (iii) A distribution of RMB0.1034 per unit, totaling RMB284,597,000 (equivalent to HK\$351,755,000), was paid to unitholders on 14 May 2013.
- (iv) An interim distribution in respect of six months ended 30 June 2013 of RMB0.1012 (equivalent to HK\$0.1272) per unit, totaling RMB278,547,000 (equivalent to HK\$350,145,000) was declared by the Board of the Manager on 13 August 2013.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2013 as disclosed in Note 14.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS  
ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	Net assets	Equity			Total
	attributable to unitholders <i>RMB'000</i>	Accumulated deficit <i>RMB'000</i>	Revaluation reserve <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	
At 1 January 2012	5,095,264	—	—	—	5,095,264
Profit for the period attributable to:					
- Unitholders	252,992	—	—	—	252,992
Distributions paid to unitholders	<u>(113,206)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(113,206)</u>
At 30 June 2012	<u>5,235,050</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,235,050</u>
At 1 January 2013	12,524,083	(5,839)	5,839	82,619	12,606,702
Issuance of units	32,710	—	—	—	32,710
Profit for the period attributable to:					
- Unitholders	243,021	—	—	—	243,021
- Equity holders	—	(11,848)	—	(920)	(12,768)
Distributions paid to unitholders	(284,597)	—	—	—	(284,597)
Change in fair value of property, plant and equipment, net of tax	<u>—</u>	<u>—</u>	<u>11,848</u>	<u>177</u>	<u>12,025</u>
At 30 June 2013	<u>12,515,217</u>	<u>(17,687)</u>	<u>17,687</u>	<u>81,876</u>	<u>12,597,093</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	336,349	164,209
Interest paid	(205,689)	(23,187)
Corporate income tax paid	(4,148)	(4,535)
Top-up payment received	<u>129,700</u>	<u>—</u>
Net cash generated from operating activities	<u>256,212</u>	<u>136,487</u>
<b>Cash flows from investing activities</b>		
Additions of investment properties	(7,302)	(7,793)
Interest received	46,848	3,208
Decrease in short-term bank deposits with original maturity of more than three months	<u>125,000</u>	<u>175,111</u>
Net cash generated from investing activities	<u>164,546</u>	<u>170,526</u>
<b>Cash flows from financing activities</b>		
Distribution paid	(284,597)	(113,206)
Repayment of bank borrowings	(2,179,650)	—
Proceeds from other borrowings	2,126,902	—
Issuance of units	<u>32,710</u>	<u>—</u>
Net cash used in financing activities	<u>(304,635)</u>	<u>(113,206)</u>
<b>Net increase in cash and cash equivalents</b>	116,123	193,807
Cash and cash equivalents at beginning of the period	<u>774,021</u>	<u>520,650</u>
<b>Cash and cash equivalents at end of the period</b>	<u>890,144</u>	<u>714,457</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 General information

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

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

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

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Manager on 13 August 2013.

This condensed consolidated interim financial information has not been audited.

### 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with HKFRS.

### 3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

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

- (a) New standards and amendments, revisions and interpretation to existing standards effective in 2013 but not relevant to the Group

The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2013:

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

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures for financial assets and non-financial assets.

As a result, the adoption of above new standards and amendments, revisions and interpretation to existing standards does not have material impact on the results and financial position of the Group.

- (b) The following new standards and amendments to standards have been issued but are not effected for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial instruments : Presentation — Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HK (IFRIC) Interpretation 21	Levies	1 January 2014

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

#### 4 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 condensed consolidated financial information.

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

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

	<b>Hotel and serviced apartment</b> <i>RMB'000</i>	<b>Office rental</b> <i>RMB'000</i>	<b>Wholesale and shopping mall</b> <i>RMB'000</i>	<b>Group</b> <i>RMB'000</i>
<b>Period ended 30 June 2013</b>				
Revenue from external customers	<u>139,122</u>	<u>273,789</u>	<u>226,023</u>	<u>638,934</u>
Segment results	<u>7,343</u>	<u>296,880</u>	<u>164,169</u>	<u>468,392</u>
Depreciation and amortisation	70,343	1,016	—	71,359
Fair value gain on investment properties	<u>—</u>	<u>101,012</u>	<u>65,686</u>	<u>166,698</u>
<b>Period ended 30 June 2012</b>				
Revenue from external customers	<u>—</u>	<u>84,701</u>	<u>186,788</u>	<u>271,489</u>
Segment results	<u>—</u>	<u>143,731</u>	<u>238,453</u>	<u>382,184</u>
Depreciation and amortisation	—	—	10	10
Fair value gain on investment properties	<u>—</u>	<u>47,541</u>	<u>117,666</u>	<u>165,207</u>
<b>As at 30 June 2013</b>				
Total reportable segments' assets	<u>4,517,551</u>	<u>14,981,724</u>	<u>5,056,406</u>	<u>24,555,681</u>
<b>As at 31 December 2012</b>				
Total reportable segments' assets	<u>4,892,058</u>	<u>14,896,971</u>	<u>4,856,177</u>	<u>24,645,206</u>

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	468,392	382,184
Unallocated operating costs (Note)	<u>(56,429)</u>	<u>(53,595)</u>
Operating profit	411,963	328,589
Finance income	138,937	81
Finance cost	(237,902)	(32,350)
Transaction costs for a potential acquisition	<u>—</u>	<u>(29,511)</u>
Profit before income tax and transactions with unitholders	<u><u>312,998</u></u>	<u><u>266,809</u></u>

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

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Total reportable segments' assets	24,555,681	24,645,206
Tax recoverable	1,565	1,935
Corporate assets	<u>229,343</u>	<u>226,971</u>
Total assets	<u><u>24,786,589</u></u>	<u><u>24,874,112</u></u>

	<b>Revenue</b>		<b>Total assets</b>	
	<b>Six months ended</b>		<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>		<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
China	<u>638,934</u>	<u>271,489</u>	24,555,681	24,645,206
Unallocated assets			<u>230,908</u>	<u>228,906</u>
			<u><u>24,786,589</u></u>	<u><u>24,874,112</u></u>

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



5 Expenses by nature

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Property management fee <sup>(i)</sup>	14,271	9,271
Employee benefit expenses	13,118	—
Urban real estate tax	65,932	32,314
Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	38,958	15,448
Withholding tax <sup>(ii)</sup>	24,719	24,527
Depreciation of property, plant and equipment	46,716	10
Amortisation of land use rights	24,643	—
Cost of inventories sold or consumed in operation	70,842	—
Utility expenses	12,953	—
Advertising and promotion expenses	15,398	—
Manager's fee	44,921	17,720
Trustee's fee	3,731	1,135
Valuation fee	455	195
Legal and professional fee	2,426	4,445
Auditor's remuneration	2,875	734
Bank charges	176	20
Others	<u>11,535</u>	<u>2,288</u>
Total operating expenses	<u><u>393,669</u></u>	<u><u>108,107</u></u>

Note:

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

6 **Finance income**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	8,381	3,208
Interest income from a related company	38,467	—
Interest income from top-up payment asset	4,049	—
Fair value gain on top-up payment asset	24,468	—
Foreign exchange gain/(loss) on financing activities	<u>63,572</u>	<u>(3,127)</u>
	<u><u>138,937</u></u>	<u><u>81</u></u>

7 **Finance cost**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense for bank borrowings	196,808	23,187
Interest expense for other borrowings	8,881	—
Amortisation of transaction costs for borrowings	<u>32,213</u>	<u>9,163</u>
	<u><u>237,902</u></u>	<u><u>32,350</u></u>

8 **Income tax expenses**

For the subsidiaries incorporated and operated 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 5(ii).

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
- China corporate income tax	5,305	4,653
Deferred income tax	<u>77,440</u>	<u>9,164</u>
	<u><u>82,745</u></u>	<u><u>13,817</u></u>

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

(a) Basic

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>231,173</u>	<u>252,992</u>
Weighted average number of units in issue ('000)	<u>2,748,026</u>	<u>1,065,973</u>
Basic earnings per unit (RMB)	<u>0.08</u>	<u>0.24</u>

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2013.

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>231,173</u>	<u>252,992</u>
Weighted average number of units in issue ('000)	2,748,026	1,065,973
Adjustments for deferred units ('000)	168,294	—
Adjustments for manager's fee in form of units ('000)	<u>13,333</u>	<u>—</u>
Weighted average number of units for diluted earnings per unit ('000)	<u>2,929,653</u>	<u>1,065,973</u>
Diluted earnings per unit (RMB)	<u>0.08</u>	<u>0.24</u>

## 10 Trade receivables

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>8,845</u>	<u>11,291</u>

The fair values of trade receivables approximate their carrying amounts.

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	6,818	9,051
31 - 90 days	1,261	1,325
91 - 180 days	52	915
181 - 365 days	<u>714</u>	<u>—</u>
	<u>8,845</u>	<u>11,291</u>

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

## 11 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.

## 12 Trade payables

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>5,394</u>	<u>8,677</u>

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	1,008	7,762
31 - 90 days	561	829
91 - 180 days	3,796	86
181 - 365 days	<u>29</u>	<u>—</u>
	<u><u>5,394</u></u>	<u><u>8,677</u></u>

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

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Rental deposits		
Current portion	69,936	73,289
Non-current portion	<u>131,743</u>	<u>121,431</u>
	201,679	194,720
Receipts in advance	<u>33,344</u>	<u>24,839</u>
Provision for withholding tax payable	7,208	7,518
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	9,402	11,318
Construction fee payable	1,196,433	1,287,907
Accruals for operating expenses	<u>96,223</u>	<u>102,077</u>
Accruals and other payables	<u><u>1,309,266</u></u>	<u><u>1,408,820</u></u>
	<u><u>1,544,289</u></u>	<u><u>1,628,379</u></u>

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.

14 **Net assets attributable to unitholders**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	12,524,083	5,095,264
Issuance of units	32,710	—
Transfer from the statement of comprehensive income	243,021	252,992
Distribution paid during the period	<u>(284,597)</u>	<u>(113,206)</u>
End of the period	<u>12,515,217</u>	<u>5,235,050</u>
	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets attributable to existing unitholders	10,385,636	5,235,050
Net assets attributable to deferred unitholder (Note)	<u>2,129,581</u>	<u>—</u>
	<u>12,515,217</u>	<u>5,235,050</u>

Note:

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

The movement of units is as below:

	<b>Unaudited</b>	
	<b>Six months ended 30</b>	
	<b>June</b>	
	<b>2013</b>	<b>2012</b>
	<i>'000</i>	<i>'000</i>
Beginning of the period	2,743,210	1,065,973
Units issued during the period (Note)	<u>9,177</u>	<u>—</u>
End of the period	<u><u>2,752,387</u></u>	<u><u>1,065,973</u></u>

Note:

During the period, 9,176,630 units were issued at HK\$4.39 (approximately RMB3.57) as payment of manager's fee for the period from 1 July 2012 to 31 December 2012.

#### 15 Capital commitments

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Capital commitments in respect of investment properties, contracted but not provided for	<u><u>7,473</u></u>	<u><u>8,298</u></u>

## 16 Future minimum rental receivables

At 30 June 2013, the Group had future minimum rental receivables under non-cancellable leases as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	933,964	913,385
Between one year and five years	1,434,534	1,606,098
Over five years	<u>623,693</u>	<u>785,844</u>
	<u>2,992,191</u>	<u>3,305,327</u>

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

Hong Kong, 13 August 2013

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

*Executive Directors: Messrs. Liang Ningguang and Liu Yongjie*

*Non-executive Director: Mr. Li Feng*

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