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(Stock code: 00405)

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**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

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 2014 (the “Interim Period”) as follows:

FINANCIAL HIGHLIGHTS

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

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

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

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

DISTRIBUTION

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

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

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

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

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

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

Distribution Per unit

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

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 26 September 2014. The register of Unitholders will be closed from 26 September 2014 to 29 September 2014, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 25 September 2014. The 2014 interim distribution will be paid on 28 October 2014, to the Unitholders whose names appear on the register of Unitholders on 26 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Stable growth in operating results

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

Property Portfolio

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

Property Valuation

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

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

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

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

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

Note:

- (1) As at 30 June 2014;
- (2) Excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area;
- (3) Excluding 76,512.3 sq.m. of parking space and other ancillary facilities area.

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

Note:

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

(2) The hotel is an entrusted operation.

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

Note:

(1) From 1 January 2014 to 30 June 2014

(2) The service apartments are entrusted operations.

Occupancy rate stayed at high level

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

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

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

Revenue continued to increase

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

No bad debt was recorded during the Interim Period.

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

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

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

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

Fortune Plaza — solicited business proactively, stabilized quality customers

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

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

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

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

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

Victory Plaza—steadily promoted commercial adjustments to realize value enhancement

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

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

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

In the first half of the year, the supply in hotel and apartment market remained relatively stable in Guangzhou, the market mainly concentrated in stock consumption with no entrance of new competitors. Guangzhou Four Seasons Hotel effectively increased its hotel operating income with more flexible convention and wedding menu. Meanwhile, more favorable and effectual promotional policies were timely introduced during various exhibitions held in Guangzhou, contributing to a reasonable growth in occupancy rate. Although the average room rate was slightly declined, there was an increase of Revenue Per Available Room (“RevPAR”) by approximately 18%. Ascott Serviced Apartments implemented active customer

management policies, devoted greater efforts in promoting business customer membership program and global booking networks, thereby enabling effective growth in the occupancy rate, rental income during 2014 Interim Period increased approximately by 21% as compared to the second half of 2013. Meanwhile, it recorded a satisfactory result in total revenue and average room rate of the serviced apartments through various social gatherings of target business customers as well as diversified customer activities.

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

In the first half of the year, various asset enhancement works had been completed, including improvement work on the layout of units in the office building at GZIFC, safety upgrade and renovation of oil depot in the generator room at GZIFC, installation of low-voltage switch gear with under-voltage delay devices at GZIFC, renovation work of 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 amounting to a total renovation cost of approximately RMB19 million, all of which improved effectively the business environment of the properties.

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

Solidly executing rating maintenance and keeping investment-class rating

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

Continuously optimize the debt structure and reduce the finance cost

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

FINANCIAL REVIEW

Financial Results

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

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

Note 1 Property related taxes 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. The following table shows an analysis of gross income:

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

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

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

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

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

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

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

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

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

Top-up Payment

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

New Units Issued and Unit Activity

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

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

Net Asset Value

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

CAPITAL STRUCTURE

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

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

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

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

As at 30 June 2014, total borrowings of Yuexiu REIT amounted to approximately RMB7,703,908,000 which represents approximately 31.6% of total assets of Yuexiu REIT.

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

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

Cash Position

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

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

REVIEW OF FINANCIAL RESULTS

The results of Yuexiu REIT for the 2014 Interim Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by Yuexiu REIT's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

ISSUANCE OF 2014 INTERIM REPORT

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

REPURCHASE, SALE OR REDEMPTION OF UNITS

Yuexiu REIT may, subject to the fulfillment of certain requirements, purchase its own Units on the Stock Exchange. During the 2014 Interim Period, there was no repurchase, sale or redemption of units of Yuexiu REIT by Yuexiu REIT or any of its subsidiaries.

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

Yuexiu REIT or any of its subsidiaries did not enter into any real estate sale and purchase during the 2014 Interim Period.

EMPLOYEES

As at 30 June 2014, Yuexiu REIT employed 655 and 131 employees in China for hotel operation and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service of hotel and serviced apartments.

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

Foreign Account Tax Compliance Act (“FATCA”)

Hong Kong and 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 US are expected to sign a Model 2 IGA later this year.

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

CORPORATE GOVERNANCE

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

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	745,044	638,934
Operating expenses	5	(449,310)	(393,669)
Fair value gains on investment properties		211,923	166,698
Finance income	6	48,442	138,937
Finance expenses	7	<u>(221,505)</u>	<u>(237,902)</u>
Profit before income tax and transactions with unitholders		334,594	312,998
Income tax expense	8	<u>(79,712)</u>	<u>(82,745)</u>
Profit after income tax before transactions with unitholders		254,882	230,253
Transactions with unitholders		<u>(278,356)</u>	<u>(243,021)</u>
Loss after income tax after transactions with unitholders		<u>(23,474)</u>	<u>(12,768)</u>
Other comprehensive income for the period			
<u>Items that may be reclassified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
- Gross		34,722	16,700
- Tax		<u>(9,713)</u>	<u>(4,675)</u>
Other comprehensive income for the period, net of tax		<u>25,009</u>	<u>12,025</u>
Total comprehensive income/(loss) for the period		<u><u>1,535</u></u>	<u><u>(743)</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Attributable to				Total RMB'000
	Unitholders before Transactions with unitholders unitholders RMB'000	with unitholders (Note 14) RMB'000	Unitholders after transactions with unitholders unitholders RMB'000	Non- controlling interests RMB'000	
Profit/(loss) for the period ended 30 June 2013	231,173	(243,021)	(11,848)	(920)	(12,768)
Other comprehensive income: <u>Items that may be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	<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>
Profit/(loss) for the period ended 30 June 2014	253,607	(278,356)	(24,749)	1,275	(23,474)
Other comprehensive income: <u>Items that may be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	<u>24,749</u>	<u>—</u>	<u>24,749</u>	<u>260</u>	<u>25,009</u>
Total comprehensive income/(loss) for the period ended 30 June 2014	<u>278,356</u>	<u>(278,356)</u>	<u>—</u>	<u>1,535</u>	<u>1,535</u>

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, and third supplemental deed on 25 July 2012 (the "Trust Deed"), Yuexiu REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial period. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash dividends and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

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

- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders to unitholders and the average number of units in issue, is presented in Note 9.

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014**

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		2,327,278	2,342,284
Land use rights		1,601,752	1,626,394
Investment properties		18,824,000	18,605,000
Deferred assets		143,442	142,487
Goodwill		160,324	160,324
Top-up payment asset, non-current portion		<u>61,296</u>	<u>109,959</u>
		<u>23,118,092</u>	<u>22,986,448</u>
Current assets			
Inventories		3,523	3,607
Trade receivables	10	14,298	10,971
Amount due from a related company		598,426	766,523
Tax recoverable		1,431	1,360
Prepayments, deposits and other receivables	11	31,033	27,001
Top-up payment asset, current portion		118,178	113,844
Short-term bank deposits		15,076	—
Cash and cash equivalents		<u>511,576</u>	<u>639,786</u>
		<u>1,293,541</u>	<u>1,563,092</u>
Total assets		<u>24,411,633</u>	<u>24,549,540</u>
Current liabilities			
Trade payables	12	13,358	12,935
Rental deposits, current portion	13	93,772	102,049
Receipts in advance, current portion	13	59,472	48,681
Accruals and other payables	13	1,058,627	1,201,283
Amounts due to related companies		62,469	68,141
Borrowings		<u>—</u>	<u>300,000</u>
		<u>1,287,698</u>	<u>1,733,089</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2014

	<i>Note</i>	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	13	140,763	115,456
Receipts in advance, non-current portion	13	21,779	—
Borrowings		7,703,908	7,541,894
Deferred tax liabilities		<u>2,490,282</u>	<u>2,406,333</u>
		<u>10,356,732</u>	<u>10,063,683</u>
Total liabilities, other than net assets attributable to unitholders			
		11,644,430	11,796,772
Net assets attributable to unitholders	9	<u>12,682,368</u>	<u>12,669,468</u>
Total liabilities			
		<u>24,326,798</u>	<u>24,466,240</u>
Net assets			
		<u>84,835</u>	<u>83,300</u>
Equity			
Revaluation reserve		137,152	112,403
Retained earnings		<u>(137,152)</u>	<u>(112,403)</u>
		—	—
Non-controlling interests		<u>84,835</u>	<u>83,300</u>
Total equity			
		<u>84,835</u>	<u>83,300</u>
Net current assets/(liabilities)			
		<u>5,843</u>	<u>(169,997)</u>
Total assets less current liabilities			
		<u>23,123,935</u>	<u>22,816,451</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2014

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
Units in issue ('000)	9	<u>2,784,994</u>	<u>2,766,698</u>
Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit		<u>RMB4.55</u>	<u>RMB4.58</u>
Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit		<u>RMB3.79</u>	<u>RMB3.81</u>

**DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Unaudited	
	Six months ended	
	30 June	
<i>Note</i>	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Profit after income tax before transactions with unitholders attributable to unitholders	253,607	231,173
Adjustments for the total distributable income ⁽ⁱ⁾		
- Fair value gains on investment properties ⁽ⁱⁱⁱ⁾	(211,923)	(166,698)
- Deferred taxation in respect of fair value gain on investment properties charged to the profit or loss	38,387	22,613
- Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)	(118,691)	(139,078)
- Foreign exchange gain on financing activities	<u>—</u>	<u>(63,572)</u>
Total distributable income	(38,620)	(115,562)
Additional items⁽ⁱⁱ⁾		
- Cash received and/or receivable according to the Deed of Top-up Payments	66,178	103,968
- Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS	118,691	139,078
- Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)	74,427	71,359
- Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights	33,436	39,185

**DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

		Unaudited	
		Six months ended	
		30 June	
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
- Manager's fee paid and payable in lieu of cash		47,244	44,921
- Interest income from top-up payment asset		(3,337)	(4,049)
- Fair value gain on top-up payment asset		(14,178)	(24,468)
- Foreign exchange loss on financing activities		40,245	—
- Amortisation of transaction costs due to early repayment of borrowings		—	24,054
		<u> </u>	<u> </u>
Distributable income after additional items		324,086	278,486
Distributable amount at 1 January		320,053	284,658
Distribution paid during the period ^(iv)	9	<u>(319,996)</u>	<u>(284,597)</u>
Interim distribution declared ^(v)		<u>324,143</u>	<u>278,547</u>
Distribution per unit, declared ^(v)		<u>RMB0.1163</u>	<u>RMB0.1012</u>

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant period.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) For the six months period ended 30 June 2014, an additional distribution for the non-cash fair value loss of approximately RMB15,000,000 of certain investment property will be made using the existing cash resources of the Group.
- (iv) A distribution of RMB0.1149 per unit, totaling RMB319,996,000 (equivalent to HK\$405,217,000), was paid to unitholders on 13 May 2014.
- (v) An interim distribution in respect of the six months ended 30 June 2014 of RMB0.1163 (equivalent to HK\$0.1464) per unit, totaling RMB324,143,000 (equivalent to HK\$407,723,000) was declared by the Board of the Manager on 13 August 2013.

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

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

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

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

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with HKFRS.

3 Accounting policies

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

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

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

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

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

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

- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

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

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

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

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 serviced apartments, office rental and wholesale and shopping mall.

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

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

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

	Hotel and serviced apartments	Office rental	Wholesale and shopping mall	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Period ended 30 June 2014				
Revenue from external customers	<u>201,339</u>	<u>309,154</u>	<u>234,551</u>	<u>745,044</u>
Segment results	<u>37,209</u>	<u>354,076</u>	<u>178,408</u>	<u>569,693</u>
Depreciation and amortisation	73,421	1,006	—	74,427
Fair value gain on investment properties	<u>—</u>	<u>150,291</u>	<u>61,632</u>	<u>211,923</u>
Period ended 30 June 2013				
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>
As at 30 June 2014				
Total reportable segments' assets	<u>4,418,429</u>	<u>11,948,370</u>	<u>7,874,537</u>	<u>24,241,336</u>
As at 31 December 2013				
Total reportable segments' assets	<u>4,615,293</u>	<u>14,529,027</u>	<u>5,231,764</u>	<u>24,376,084</u>

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

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

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

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

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

The Group's revenue by nature is as follows:

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

5 Expenses by nature

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

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

7 Finance expenses

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

	Unaudited	
	Six months ended	
	2014	2013
	RMB'000	RMB'000
Current income tax		
- China corporate income tax	5,145	5,071
- Under-provision in prior years	331	234
Deferred income tax	<u>74,236</u>	<u>77,440</u>
	<u>79,712</u>	<u>82,745</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.

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

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

10 Trade receivables

	Unaudited 30 June 2014 <i>RMB'000</i>	Audited 31 December 2013 <i>RMB'000</i>
Trade receivables	<u>14,298</u>	<u>10,971</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:

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

	Unaudited 30 June 2014 <i>RMB'000</i>	Audited 31 December 2013 <i>RMB'000</i>
Trade payables	<u>13,358</u>	<u>12,935</u>

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

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

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

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

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

The carrying amounts of rental deposits, receipts in advance, 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

	Unaudited Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	12,669,468	12,524,083
Issuance of units	54,540	32,710
Transfer from the statement of comprehensive income	278,356	243,021
Distribution paid during the period	<u>(319,996)</u>	<u>(284,597)</u>
End of the period	<u>12,682,368</u>	<u>12,515,217</u>

	Unaudited Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets attributable to existing unitholders	10,552,787	10,385,636
Net assets attributable to deferred unitholder (Note)	<u>2,129,581</u>	<u>2,129,581</u>
	<u>12,682,368</u>	<u>12,515,217</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 Yuexiu Property Company Limited (“YXP”) certain number of units starting from 31 December 2016. The number of units to be issued each year will be limited to the maximum number of units that may be issued to YXP which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. The outstanding deferred units at 30 June 2014 were 733,280,000 units (31 December 2013: 733,280,000 units).

The movement of units is as below:

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

Note:

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

15 Capital commitments

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

16 Future minimum rental receivables

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

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

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

Hong Kong, 13 August 2014

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

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

Non-executive Director: Mr. LI Feng

Independent Non-executive Directors: Mr. CHAN Chi On Derek, Mr. LEE Kwan Hung Eddie and Mr. CHAN Chi Fai Brian