

YUEXIU REAL ESTATE INVESTMENT TRUST

a Hong Kong collective investment scheme under section 104 of the Securities and Future Ordinance <chapter 571 of the Laws of Hong Kong>



Annual Report 2012

Stock Code: 00405



Manager

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





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PROFILE OF YUEXIU REIT AND UNITHOLDERS CALENDAR

PROFILE OF YUEXIU REAL ESTATE INVESTMENT TRUST ("YUEXIU REIT")

Yuexiu REIT is a Hong Kong real estate investment trust constituted by a trust deed entered into on 7 December 2005 ("Trust Deed") between HSBC Institutional Trust Services (Asia) Limited as the trustee ("Trustee") and Yuexiu REIT Asset Management Limited (formerly known as GZI REIT Asset Management Limited) as the manager of Yuexiu REIT ("Manager") as modified by a First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010 and Third Supplemental Trust Deed dated 25 July 2012 and made between the same parties. Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 21 December 2005 ("Listing Date").

Yuexiu REIT's property portfolio ("Properties") consists of six commercial properties located in Guangzhou and Yuexiu REIT is the first listed real estate investment trust in the world which invests in real property in mainland of the People's Republic of China ("PRC").

UNITHOLDERS CALENDAR 2013-2014

**APRIL
2013**

Publication of 2012
Annual Report

**MAY
2013**

Payment of final distribution
for 2012 and 2012 Annual
General Meeting

**AUGUST
2013**

Publication of 2013
Interim Report



**OCTOBER
2013**

Payment of distribution for
six-month period
ended 30 June 2013

**MARCH
2014**

Announcement of 2013
Annual Results

**MAY
2014**

Payment of final
distribution for 2013

DISTRIBUTION

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

The final distribution to the Unitholders for the period from 1 July 2012 to 31 December 2012 (“2012 Final Period”) will be approximately RMB0.1037 which is equivalent to HK\$0.1282 (2011: approximately RMB0.1062 which is equivalent to HK\$0.1308) per Unit. Such final distribution per Unit, however, is subject to adjustment upon the issuance of new units between 1 January 2013 and the record date. Further announcement will be made to inform Unitholders of the final Distribution per Unit for the six months ended 31 December 2012.

The final distribution, including the Additional Items mentioned in the offering circular dated 30 June 2012, together with the interim distribution of Yuexiu REIT for the six-month period 1 January 2012 and 30 June 2012 (“2012 Interim Period”) is approximately RMB0.1114 which is equivalent to HK\$0.1367 (2011 : approximately RMB0.1109 which is equivalent to HK\$0.1339) per Unit, represented distribution to each Unitholder for the Reporting Year (excluding Special Distribution) is approximately RMB0.2151 (which is equivalent to HK\$0.2649) (2011: RMB0.2171 which is equivalent to HK\$0.2647). Moreover, Yuexiu REIT distributed a Special Distribution to Unitholders on 6 November 2012, Yue Xiu Property Company Limited (“YXP”) and its related parties had agreed to waive their rights to receive their pro-rata portion of the Special Distribution. The Special Distribution per Unit was HK\$0.0780.

Yuexiu REIT aims at providing steady returns to its Unitholders derived from the rental income of its Properties. It has been distributing no less than 100% of Distribution for 7 consecutive years after listing in 2005.

The Manager confirms that the distribution amount (not including Special Distribution of the Reporting Year) is composed of profit/loss after tax before transactions with the Unitholders and additional items. The distributable income after additional items of RMB403,443,000, includes certain profit elements in the capital nature of Yuexiu REIT. The amount of capital nature items is RMB358,160,000.

The 2012 distribution per Unit is approximately RMB0.2151 which is higher than either the profit forecast result, amounted to RMB0.2017, mentioned in the offering circular dated 30 June 2012 or the profit forecast result, amounted to RMB0.2063, mentioned in the announcement dated 27 September 2012.

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 the Unitholders will be paid in Hong Kong dollar. The exchange rate adopted by the Manager is the average exchange rate, as announced by the People’s Bank of China, for the five business days preceding the date of declaration of distributions.

DISTRIBUTION YIELD

Distribution per Unit (“DPU”) (not including special distribution) for the Reporting Year is approximately HK\$0.2649 (2011: HK\$0.2647) which represents a yield of approximately 7.2% (2011: 7.72%) per Unit based on the closing price of HK\$3.68 per Unit as at 31 December 2012 (2011: HK\$3.43).

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the final distribution will be 16 April 2013. The register of Unitholders will be closed from 17 April 2013 to 19 April 2013, both days inclusive, during which period no transfer of units will be effected. In order to be qualify for the distribution, all Unit certificates with completed transfer forms must be lodged with Yuexiu REIT’s unit registrar, Tricor Investor Services Limited, on 26/F Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 16 April 2013. The 2012 final distribution will be paid on 14 May 2013, to the Unitholders whose names appear on the register of Unitholders on 16 April 2013.

PERFORMANCE SUMMARY

The following is a summary of Yuexiu REIT's audited consolidated results for the year ended 31 December 2012 together with comparative figures for the corresponding period in 2011:

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

	Financial Year ended 31 December 2012	Financial Year ended 31 December 2011	Percentage increase/ (decrease)
Gross income (Note a)	712,201,000	522,286,000	36.4%
Net property income	507,307,000	410,289,000	23.6%
Profit after tax	687,802,000	1,337,275,000	(48.6)%
Earnings per unit ("Unit") - Basic	0.48	1.255	(61.8)%
Portfolio valuation	22,326,000,000	6,471,000,000	245.0%
Net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per Unit	4.57	4.78	(4.4)%
Net assets (including net assets attributable to deferred unitholder) attributable to existing Unitholders per Unit - Equivalent to HK\$	5.63	5.90	(4.6)%
Units issued	2,743,209,741 units	1,065,972,687 units	157.3%
Total borrowings as a percentage of gross assets (Note b)	33.6%	27%	7 percentage points
Gross liabilities as a percentage of gross assets (Note c)	49%	31%	18 percentage points
Distribution			
Total distribution (including additional items)	403,443,000	231,421,000	74.3%
Distribution per Unit (HK\$)	0.2649	0.2647	0.1%

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

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

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

CHAIRMAN'S STATEMENT

●● Dear Unitholders,

On behalf of the Manager of Yuexiu REIT, the Board of Directors of Yuexiu REIT Asset Management Limited, I am pleased to present to you the annual report of Yuexiu REIT for 2012. ●●

RESULTS AND DISTRIBUTIONS

In 2012, with the extraordinary efforts of the entire management team and a portfolio of premium properties, Yuexiu REIT continued to attain good operational results, and all key operational indicators were performing well. In 2012, Yuexiu REIT successfully acquired Guangzhou International Finance Center, the landmark of Guangzhou, leading to a growth in its fund size by leaps and bounds as well as diverse asset types. As at 31 December 2012, the occupancy rate of the rental properties of Yuexiu REIT was satisfactory, with the occupancy rate of the original five properties at 98.45%, and the occupancy rates for offices and shopping mall of Guangzhou International Finance Center at 70.18% and 97.03% respectively. Four Seasons Hotel and Ascott Apartments at Guangzhou International Finance Center operated better than expected after commencement of operations in the third quarter of 2012. During the Reporting Year, the total turnover revenue of Yuexiu REIT was approximately

RMB712,201,000, representing an increase of 36.4% as compared to RMB522,286,000 for the same period last year. The rent collection ratio remained at 100% with no bad debt.

In 2012, Yuexiu REIT realized a total distribution of approximately RMB403,443,000, representing an increase of approximately RMB172,022,000 or an increase of approximately 74.3% as compared to the total distributable income of RMB231,421,000 for the same period last year. The policy of the Manager is to distribute 100% of the entire distributable income of the Reporting Year to the Unitholders, each Unitholder will receive a distribution amount of approximately HK\$0.2649 per Unit, representing an increase of approximately HK\$0.0002 or an increase of approximately 0.1% as compared to the distribution amount of approximately HK\$0.2647 per Unit for the same period last year. Based on the closing price of HK\$3.68 per Unit as at 31 December 2012, the rate of return is approximately 7.2%.



Chairman
Mr. Liang Ningguang

MARKET REVIEW

In 2012, the world economy achieved an overall growth but recovered slowly. Although the Chinese economy in general decreased in growth rate, however, as the growth stabilization measures took effect gradually, the economy showed a slow to stable trend. According to the data released by the National Bureau of Statistics, the gross domestic product (GDP) of the PRC for 2012 amounted to RMB51,932.2 billion, representing a growth of 7.8% year-on-year.

In 2012, Guangzhou proactively promoted transformation and upgrading of industries under the guidelines of new urbanization development, and the municipal economy operated steadily with progress. According to the data released by Guangzhou Municipal Bureau of Statistics, the GDP of Guangzhou for 2012 amounted to approximately RMB1,355.121 billion, representing a growth of 10.5% year-on-year; the total retail sales of social consumables amounted to RMB597.727 billion, representing a growth of 15.2% year-on-year.

In 2012, the slowdown in the growth of the world economy and the domestic economy continued to affect the rental market for Grade A offices in Guangzhou, with no increase in demand for leasehold offices and a slight increase in the vacancy rate as a result of continuous supply. Under the fierce competition among the five-star hotels in Guangzhou, the occupancy rate showed a downward trend, but the average room rates increased steadily as a result of the increase in high-end market demand. The overall supply of high-end serviced apartments remained limited in Guangzhou, occupancy rate and average room rate were relatively stable.

BUSINESS OPERATING STRATEGIES

The Manager endeavored to seek a dynamic balance among rental growth, high level occupancy rate and optimization of tenant mix through a series of strategies, such as accurately identifying the market positioning and strengths of projects, widening merchant solicitation channel, deepening of customer resources management and enhancing management of leases expiry, which facilitated a sustainable growth in asset value.

The operations of the original White Horse Building, City Development Plaza, Fortune Plaza, Yue Xiu Neo Metropolis Plaza and Victory Plaza sustained a stable growth trend. Among all these, White Horse Building strengthened and enhanced its leading position of White Horse in the industry by constantly creating projects to expand the influence of the White Horse brand and implementing a series of operational measures. The office building projects, such as City Development Plaza, Fortune Plaza and Yue Xiu Neo Metropolis Plaza, had effectively eliminated the pressure of relocation from individual sizable tenants upon expiry through implementing accurately oriented merchant solicitation strategies, successful introduction of various famous enterprises realized seamless matching of tenants occupying large size units with expiring leases, ensuring the occupancy rate to remain at a high level and an increase in the rent level. For Victory Plaza, while the Manager continued to enhance the business atmosphere of the shopping mall, it also proactively increased the target customer base for long-term development with a view to share the growth value of business districts.

Guangzhou International Finance Center, a large comprehensive commercial project acquired by the REIT in 2012, was an urban landmark complex consisting of high-end offices, shopping mall, five-star hotels and high-end serviced apartments. After the project was successfully injected into the REIT, the Manager combined the efforts of the original experienced management team and newly recruited sophisticated professionals to establish excellent asset management capabilities, targeted at the headquarters of benchmark enterprises in southern China and other premium customer resources, carried out active and aggressive merchant solicitation strategies for office buildings and continued to optimize its products and services, ensuring

the occupancy rate of office buildings to realize the listing goal. Simultaneously, the Manager established good relationship with the operators of Four Seasons Hotel and Ascott Apartments, the operations of which were better than expected and speedily entered into the normal track.

INVESTMENT AND FINANCIAL STRATEGIES

In 2012, the REIT successfully carried out the transaction regarding the Guangzhou International Finance Center, resulting in a property portfolio value of RMB22.326 billion by the end of 2012 and hence the size of the REIT was expanded significantly. The Manager, acting in the interest of all Unitholders, captured the opportunities to study and facilitate a reasonable transaction and financing solution, making a new breakthrough in investment and acquisition.

The acquisition significantly impacted every aspect of Yuexiu REIT. Through the acquisition, Yuexiu REIT acquired a premium landmark property, which rapidly enlarged its assets size. The acquisition strengthened Yuexiu REIT's property portfolios and diversified its operations. After the acquisition, the influence of Yuexiu REIT on capital market strengthened increasingly, which increased the proportion of institutional investors and accordingly largely enhanced the liquidity of the units.

The Yuexiu REIT implemented stable and risk-averting financial policies. As at 31 December 2012, the gearing ratio (total borrowings to total assets) was maintained at 33.6%, which was still far from the upper limit of 45% as required under the REIT Code.

ASSET ENHANCEMENT STRATEGIES

The Manager was committed to improving continuously the safety level, business operation conditions and office environment of the properties owned by Yuexiu REIT, in particular, the ongoing asset enhancement projects. Diversified capital enhancement strategies were implemented on properties owned by Yuexiu REIT. While formulating and implementing various asset reconstruction plans, the rental level and value of properties were continually enhanced by adopting strategies such as optimizing the tenant mix constantly, maintaining good customer relationship and increasing merchant solicitation and investments.

PROSPECTS

Looking forward in 2013, although global uncertainties and unstable factors have not faded away completely, the world economy is still recovering at a slow pace. In particular, global investors will be more optimistic about the economic prospects of China.

In 2013, the Chinese economy will be in a state of moderate growth, macro-economic policies are expected to maintain certain continuity and stability, and new economic development policies will put more emphasis on switching the development focus to quality and efficiencies. With the upgrading of industrial structures, the economy of Guangzhou, a first-tier city in China, is expected to maintain rapid growth and continuously attract large number of international and domestic enterprises to the establish the presence, thus creating more business development opportunities.

However, we are cautiously optimistic in our belief that benefiting from the sustained growth of the PRC economy, coupled with our remarkable portfolio of properties and the professional management team of Yuexiu REIT, we will actively grasp potential investment opportunities through implementing proactive and progressive leasing strategies complemented with effective property appreciation measures, so as to continuously generate stable returns for the Unitholders.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank sincerely our management team and all Board members for their contribution and dedication. I would also like to express my gratitude to all Unitholders, tenants and business partners for their vigorous support and cooperation.

Liang Ningguang

Chairman

Hong Kong, 13 March 2013

2012 BUSINESS REVIEW AND FUTURE PROSPECTS

BUSINESS REVIEW

Achieved Breakthrough in Acquisition, Stable Growth in Operating Results

The acquisition of Guangzhou International Finance Centre “GZIFC” has been completed in 2012. The Transaction has a significant impact to the Yuexiu REIT since its listing in 2005, which allows Yuexiu REIT stepping into another milestone. Post-Acquisition of GZIFC, the asset size of Yuexiu REIT has rapidly enlarged, it increased from approximately RMB7.4 billion at the beginning of the year to approximately RMB24.9 billion at the end of 2012, increased by 237.3%, become one of the top rankers among Asian REITs. The Transaction strengthened the REIT’s asset types and portfolios, adding new business elements including Hotel and Serviced Apartment, reducing heavy reliance on wholesale portfolios and making the sources of revenues more diversified. After the Transaction, the number of REIT’s unit increased from 1,070 million to 2,740 million. The REIT’s market value expanded from approximately HK\$3.7 billion at year end of 2011 to approximately HK\$10.1 billion at year end of 2012, increased by 173%. The REIT’s units trading became more buoyant and active, its daily trading volume increased from almost 1,360,000 units in 2011 to almost 5,190,000 units, the REIT has successfully attracted more long-term and large-scale institutional investors, such as People’s Insurance Company of China (PICC) etc.

Last year, China’s macro-economy experienced a slow to stable trend. Yuexiu REIT continued to implement proactive leasing and asset management strategies in leaps and bounds and continuously achieved good performance. Especially after the acquisition of GZIFC, the occupancy rate of office has increased steadily. Hotel and Serviced Apartment are operated in a steadily growing track, which further enhanced the competitiveness of the Property. It provides a solid base for the growth of future rental income and long-term development of Yuexiu REIT.

Properties Portfolio and Valuation

As at 31 December 2012, Yuexiu REIT’s properties portfolio (“Properties”) consisted of six properties, namely, White Horse Building Units (“White Horse Building”), Fortune Plaza Units (“Fortune Plaza”), City Development Plaza Units (“City Development Plaza”), Victory Plaza Units (“Victory Plaza”), Yue Xiu Neo Metropolis Plaza Units (“Neo Metropolis”) and GZIFC. The aggregate area of ownership was approximately 680,971.1 sq.m., total rentable area was 441,297.9 sq.m. achieved an increase of 205% and 109% respectively in the aggregate area of ownership of approximately 223,614.3 sq.m and total rentable area of approximately 211,031.1 sq.m. before the acquisition. (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).

Particulars of the properties:

Rental Properties	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m.)
White Horse Building	Wholesale	Yuexiu District	1990	50,199.3	50,128.9	100.00%	531
Fortune Plaza	Grade A office	Tianhe District	2003	41,355.2	41,355.2	99.18%	132
City Development Plaza	Grade A office	Tianhe District	1997	42,397.4	42,397.4	97.09%	112
Victory Plaza	Retail shopping mall	Tianhe District	2003	27,698.1	27,262.3	95.87%	173
Neo Metropolis	Commercial complex	Yuexiu District	2007	61,964.3	49,887.3 ⁽²⁾	98.85% ⁽²⁾	95
GZIFC	Commercial complex	Tianhe District	2010	457,356.8	230,266.8	75.63%	193
In which:	Grade A office			267,804.4	183,539.5 ⁽³⁾	70.18%	215
	Retails			46,989.2	46,727.3	97.03%	131
	Hotel			91,460.9	N/A	N/A	N/A
	Apartment			51,102.3	N/A	N/A	N/A
Total				680,971.1	441,297.9	86.54%	211

Note:

(1) As at 31 December 2012;

(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 square metre of parking space.

2012 BUSINESS REVIEW AND FUTURE PROSPECTS

Segment of the properties:

Rental Property	Area of Ownership (sq.m.)	Lettable Area (sq.m.)	Occupancy Rate ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m.)	Operating Income ⁽¹⁾
Office	413,521.3	317,179.4 ⁽²⁾	82.07% ⁽²⁾	163	247,966
Retails	74,687.3	73,989.5	96.60%	146	78,902
Wholesale	50,199.3	50,128.9	100.0%	531	316,356

Note:

- (1) As at 31 December 2012 or for the year ended 31 December 2012;
- (2) Excluding 7,549.0 sq.m. of parking space and 4,528.1 sq.m. of clubhouse and common facilities area of Neo Metropolis, and 76,512.3 sq.m. of parking space in GZIFC.

Operational Property	Type	Commencement of operation	GFA (sq.m.)	Number of Units (units)	Average Occupancy Rate ⁽¹⁾
Four Seasons Hotel Guangzhou	Five-star hotel	August 2012	91,460.9	344	36.0%
Ascott Serviced Apartments	High-end serviced apartments	September 2012	51,102.3	314	6.9%

Note:

- (1) From commencement of operation to 31 December 2012;
- (2) Both the hotel and service apartments are entrusted operation.

Property Valuation

According to a revaluation performed by an independent professional valuer, Savills Valuation and Professional Services Limited (“Savills”) on the portfolio of properties of Yuexiu REIT, the revalued market valuation as at 31 December 2012 was approximately RMB22.326 billion, representing an increase of RMB15.855 billion or 245.0% over the valuation as at 31 December 2011. The net asset value per Unit was RMB4.57, representing a decrease of 4.4% over the net asset value per Unit as at 31 December 2011.

The following table summarizes the valuation of each of the properties as 31 December 2012 and 31 December 2011:

Name of Property	Valuation as at 31 December 2012 RMB million	Valuation as at 31 December 2011 RMB million	Increase/ (Decrease)
White Horse Building	3,855.0	3,651.0	5.6%
Fortune Plaza	780.0	749.5	4.1%
City Development Plaza	648.0	612.0	5.9%
Victory Plaza	782.0	747.0	4.7%
Neo Metropolis	749.0	711.5	5.3%
GZIFC	15,512.0	— ⁽¹⁾	N/A%
Total	22,326.0	6,471.0	245.0%

Note:

(1) According to offering circular, the valuation of GZIFC was RMB15,370,000,000 as at 31 March 2012.

2012 Business Review and Future Prospects

Occupancy rate remained at high level

As at 31 December 2012, the overall occupancy rate of the properties was approximately 86.54% (the occupancy rate of the original five properties was 98.45%), representing a slight decrease of 0.8% as compared to 99.25% for the same period last year, which illustrated that the occupancy rate was staying at a high level. The overall occupancy rate of the newly acquired property GZIFC was 75.63%, in which the occupancy rates of offices and shopping mall were 70.18% and 97.03%, respectively.

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

Name of Property	Occupancy rate as at 31 December 2012	Occupancy rate as at 31 December 2011	Percentage increase compared to 31 December 2011
White Horse Building	100.00%	100.00%	0.00%
Fortune Plaza	99.18%	99.05%	0.13%
City Development Plaza	97.09%	98.61%	-1.52%
Victory Plaza	95.87%	99.96%	-4.09%
Neo Metropolis	98.85%	98.81%	0.04%
Subtotal of the original properties	98.45%	99.25%	-0.80%
GZIFC offices	70.18%	N/A	N/A
GZIFC Retail	97.03%	N/A	N/A
Total	86.54%	N/A	N/A

Lease Expiry of the Properties

In respect of the rentable area in the next five years, ratios of lease expiry of Yuexiu REIT Properties each year will be 13.9%, 28.5%, 23.2%, 10.7% and 23.7% respectively. In respect of basic monthly rentals, ratio of lease expiry each year will be 15.8%, 28.3%, 30.5%, 8.3% and 17.1% respectively.

Lease Expiry of the Properties

Yuexiu REIT Properties

Year	By Rental Area	By Rental Income
FY2013	13.9%	15.8%
FY2014	28.5%	28.3%
FY2015	23.2%	30.5%
FY2016	10.7%	8.3%
FY2017 and beyond	23.7%	17.1%
Total	100.0%	100.0%

White Horse Building

Year	By Rental Area	By Rental Income
FY2013	17.0%	23.3%
FY2014	49.9%	36.5%
FY2015	33.1%	40.2%
Total	100.0%	100.0%

Fortune Plaza

Year	By Rental Area	By Rental Income
FY2013	11.5%	10.8%
FY2014	23.4%	23.5%
FY2015	29.8%	30.0%
FY2016	0.5%	2.0%
FY2017 and beyond	34.8%	33.7%
Total	100.0%	100.0%

2012 Business Review and Future Prospects

City Development Plaza

Year	By Rental Area	By Rental Income
FY2013	19.2%	17.8%
FY2014	9.9%	16.0%
FY2015	25.5%	22.4%
FY2016	19.1%	9.1%
FY2017 and beyond	26.3%	34.7%
Total	100.0%	100.0%

Victory Plaza

Year	By Rental Area	By Rental Income
FY2013	6.2%	11.8%
FY2014	63.3%	52.8%
FY2015	1.4%	1.5%
FY2016	2.8%	9.9%
FY2017 and beyond	26.3%	24.0%
Total	100.0%	100.0%

Neo Metropolis

Year	By Rental Area	By Rental Income
FY2013	40.8%	36.7%
FY2014	18.5%	17.8%
FY2015	20.1%	19.6%
FY2016	19.7%	25.1%
FY2017 and beyond	0.9%	0.8%
Total	100.0%	100.0%

GZIFC

Year	Overall (including office and retail)		Office		Retail	
	Rental Area	Rental Income	Rental Area	Rental Income	Rental Area	Rental Income
	FY2013	5.90%	6.7%	5.9%	6.8%	5.9%
FY2014	25.50%	27.4%	34.4%	33.2%	0.00%	0.00%
FY2015	22.30%	27.2%	29.7%	32.8%	1.5%	0.7%
FY2016	12.80%	12.7%	17.3%	15.4%	0.00%	0.00%
FY2017 and beyond	33.50%	26.0%	12.7%	11.8%	92.6%	92.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue Continued to Increase

In 2012, the properties of Yuexiu REIT recorded total revenue of approximately RMB0.712 billion, representing an increase of 36.4% compared to that of the same period of the previous year. Of which, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis and GZIFC accounted for approximately 44.4%, 8.9%, 7.4%, 8.0%, 7.3% and 24.0%, respectively, of the total revenue.

No bad debt was recorded during the reporting period.

The following table sets out a comparison of revenue in respect of the properties between the reporting period and the same period of the previous year:

Name of Property	Revenue in 2012 RMB million	Revenue in 2011 RMB million	Increase/ (Decrease) in revenue compared to 2011 RMB million	Increase/ (Decrease) %
White Horse Building	316.4	306.5	9.9	3.2%
Fortune Plaza	63.6	60.3	3.3	5.5%
City Development Plaza	52.4	49.6	2.8	5.6%
Victory Plaza	57.0	52.6	4.4	8.4%
Neo Metropolis	51.9	53.3	(1.4)	(2.6)%
Subtotal of the original properties	541.3	522.3	19.0	3.6%
GZIFC	170.9⁽¹⁾	—	170.9	N/A
Total	712.2	522.3	189.9	36.4%

2012 Business Review and Future Prospects

Note:

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

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

Name of Property	Net Property Income in 2012 RMB (million)	Net Property Income in 2011 RMB (million)	Increase/ (Decrease) in NPI compared to 2011 RMB (million)	Increase/ (Decrease) % %
White Horse Buildings	249.4	242.3	7.1	2.9%
Fortune Plaza	49.2	46.8	2.4	5.1%
City Development Plaza	40.4	38.5	1.9	4.9%
Victory Plaza	44.6	41.1	3.5	8.5%
Neo Metropolis	40.1	41.6	(1.5)	(3.6)%
Subtotal of the original properties	423.7	410.3	13.4	3.3%
GZIFC	83.6⁽¹⁾	—	83.6	N/A
Total	507.3	410.3	97.0	23.6%

Note

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

White Horse Building - Built up a superior trading platform by expanding trading channels, improving management control and commercial environment

White Horse Building continued to create and maintain the impact of the influential White Horse brand projects by holding “Clothing Procurement Fair” and “Nationwide Circuit Show”. Major efforts were dedicated to organize various industry events such as “2012 Guangzhou International Fashion Festival” and “Xinjiang Fashion Festival”, receiving high reputation in the industry and commendations from tenants and effectively strengthened its dominant position in the industry. The Manager vigorously promoted meticulous management by introducing “Brand Entry Review” and “Customer Classification” management systems to further optimize allocation of customer resources and effectually release the value potential of White Horse Building. The Manager carried out the assets enhancement program steadily and improved the business environment gradually with a view to create favorable conditions for future growth.

Fortune Plaza and City Development Plaza - Defused the risk of concentrated expiring leases and optimized tenants mix

In response to two cases involving removal of tenants upon expiry of leases occupying large areas, the Manager made advanced planning and adopted effective merchant solicitation strategies, as a result, famous enterprises such as AEON, Publicis Advertising Co., Ltd., and General Mills located their regional headquarters in these properties, which contributed to the stability of revenue. Meanwhile, the Manager further increased the rent level and significantly enhanced the lease value of the properties through strengthening bargaining power with merchants and improving the premises' delivery standards.

Victory Plaza - Seeking a share in the growing value of the business area by strengthening joint promotions and identifying the optimization direction

In 2012, Victory Plaza focused on integrated marketing. It cooperated with Guangzhou Book Center (廣州購書中心) to organize a series of specialized marketing activities such as the "Good Voice (好聲音)" and "Animated Cartoon Festival", and opened an entrance on the north side of Guangzhou Book Center and attracted well-known retail chain brands, as a result, customer flow and sales amount were effectively increased. The merchants of quality brands in various industries were actively expanding in this business area, which brought great opportunities for the Manager to reserve premium-brand merchants in advance based on the appropriateness of matching projects, brand interactions, feasibility of operation and stability of revenue, so that shopping mall will be well-positioned for gradual adjustment and commercial value enhancement in future.

Neo Metropolis - Continued to strengthen lease management and steadily increased the leasing value of property

Neo Metropolis persisted in maintaining its operation position by focusing on retail and information service enterprises. It developed differentiated merchant solicitation strategies and carried out all tenancy matters in an orderly manner. The Manager continued to strengthen lease value management over maturing leases, took full advantage of the opportunities from expiring individual leases to attract quality clients conforming to its positioning, improved mix of tenants continuously, the rents of both new leases and renewal contracts increased notably.

Guangzhou International Finance Center - Striving to create an urban business benchmark

Guangzhou International Finance Center has fully leveraged on its enormous influence as a city landmark, it implemented an integrated operation of "merchant solicitation planning, tenancy management and customer management" in the leasing of offices by collaborating with major agencies, expanding channel resources, seizing market opportunities, securing and tracking major tenants in the leasing market. The comprehensive competitiveness of this project has been enhanced by relying on optimized hardware, well-established supporting facilities, improved services and image enhancement. Both of its occupancy rate and average rental income achieved stable growth through directional referrals, flexible combination in leasing strategies and definitely enhancing the rate of successful merchant solicitations. Up to the end of 2012, office average rent was RMB215 per sq.m. per month. It is the highest rent of Grade A office in Guangzhou.

2012 Business Review and Future Prospects

Guangzhou Four Seasons Hotel and Ascott Serviced Apartments are entrusted to the world-renowned luxury hotel operator, Four Seasons Hotels Group and the world's largest high-end serviced apartments operators, The Ascott Limited for operation. They quickly went into normal operation after their opening. The Manager, in view of focussing on new high-end hotel/apartment sectors, has formed professional teams and established an intensive and regular cooperation mechanism with the management of Guangzhou Four Seasons Hotel and Ascott Serviced Apartments. Up to the end of 2012, Guangzhou Four Seasons Hotel mainly targeted on first-class business customers with an average room rate per day of RMB1,861.0. Ascott Serviced Apartments mainly targeted on chief executives from consulates and multinational enterprises as core tenants with an average rental at RMB190.8 per sq.m. per month. In general, the hotel and serviced apartments operations during the first year have been better than expected.

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

In 2012, various asset enhancement works have been funded and completed by owners, including the renovation work of installing an additional air conditioner and upgrading two passenger elevators at White Horse Building; the capacity expansion work for the dual circuits at the podium of Yue Xiu Neo Metropolis Plaza; the decoration and renovation work at the common area of City Development Plaza; the refurbishment work at the common area of Fortune Plaza; the refitting work for exterior-wall lighting at Fortune Plaza; and the access road connection work between Victory Plaza and Book Centre, which have effectively improved the security level, business environment and competitiveness of the properties.

In 2013, the Manager will focus on implementing the decoration and renovation work at the common area and the replacement of fan coil units on level 2 of White Horse Building, the renovation work of installing an additional air conditioner at Fortune Plaza as well as the renovation work of installing additional low-voltage switch gear under-voltage delay devices, upgrading fire safety for the generator room and the oil depot, addition of video surveillance system to car park at Guangzhou International Finance Center.

Seizing opportunities, creating breakthrough

In 2012, faced with the complex market environment, the Manager completed the transaction of Guangzhou International Finance Center on 8 October through careful planning and robust actions. During the transaction process, the Manager by acting in the interest of all Unitholders as its standard, complying with market rules, exercising professional asset management capabilities, a breakthrough was achieved in terms of REIT investment and acquisition. The Manager will continue seeking for appropriate investment opportunities both internally and externally. Apart from exploring market opportunities in domestic first-tier cities, the Manager will continue to study the commercial real estate projects held by Yuexiu Property to enhance the long-term benefits of the Unitholders.

FINANCIAL REVIEW

FINANCIAL RESULTS

Both rental income and net property income of Yuexiu REIT were higher than those in 2011. The following is a summary of Yuexiu REIT financial results for the Reporting Year:

	2012 RMB' 000	2011 RMB' 000	% of Increase/ (Decrease)
Gross income	712,201	522,286	36.4%
Hotel and serviced apartments direct expenses	(61,129)	—	N/A
Leasing agents fee	(20,569)	(17,828)	15.4%
Property related taxes (Note 1)	(120,375)	(92,407)	30.3%
Other property expenses (Note 2)	(2,821)	(1,762)	60.1%
Total property operating expenses	(204,894)	(111,997)	82.9%
Net property income	507,307	410,289	23.6%
Withholding tax	(50,187)	(47,060)	6.6%
Depreciation and amortization	(35,151)	(803)	4,277.5%
Manager fees	(49,756)	(34,414)	44.6%
Trustee fees	(3,453)	(2,213)	56.0%
Other trust expenses (Note 3)	(5,054)	(17,396)	(70.9)%
Total non-property expenses	(143,601)	(101,886)	40.9%
Net profit before finance costs, interest income and income tax	363,706	308,403	17.9%
Interest income	53,752	90,688	(40.7)%
Finance cost	(163,827)	(54,360)	201.4%
Net profit before income tax	253,631	344,731	(26.4)%
Income tax expenses	(50,400)	(33,862)	48.8%
Net profit after income tax before fair value gain on investment properties	203,231	310,869	(34.6)%
Fair value gain on investment properties	390,518	1,026,406	(62.0)%
Other income in relation to the acquisition of a subsidiary, net	94,053	—	N/A
Net profit after income tax before transactions with Unitholders	687,802	1,337,275	(48.6)%

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

Note 2 Other property expenses included management fee for service providers of hotel and serviced apartments valuation fee, insurance premium, depreciation and bank charges incurred at the level of the Properties.

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

Financial Review

Gross income and net property income during the Reporting Year were approximately RMB712.201 million (2011: RMB522.286 million) and RMB507.307 million (2011: RMB410.289 million) respectively, which represented an increase of 36.4% and 23.6% respectively while comparing with 2011.

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

(RMB' 000)	2012	2011
Office	247,966	163,131
Wholesales	316,356	306,515
Retails	78,902	52,640
Hotel and serviced apartments	68,977	—
Total	712,201	522,286

Net property income amounted to approximately RMB507.307 million (2011: RMB410.289 million), representing approximately 71.2% of total gross income, after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property operating expenses.

(RMB' 000)	2012	2011
Office	193,901	126,908
Wholesales	249,424	242,280
Retails	62,598	41,101
Hotel and serviced apartments	1,384	—
Total	507,307	410,289

Hotel and serviced apartments direct expenses were approximately RMB61,129,000. It was mainly the operation cost incurred by hotel and serviced apartments after acquiring GZIFC.

Leasing agent fee increased by approximately 15.4% as compared with 2011. 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 30.3% as compared with 2011. It was mainly because of an increase of rental income from new acquisition project, GZIFC.

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

Overall, the Manager fee increased by approximately 44.6% as a result of the increase in total assets and net property income. The Trustee fee increased by approximately 56.0% as a result of the increase in total assets. Calculation of the Manager Fee and Trustee Fee by virtue of increased asset value as a result of acquisition of the GZIFC Project was based on the proportion of days after completion of transaction of the Project.

Due to the depreciation of Hong Kong dollar against Renminbi at the end of the Reporting Year, an exchange gain of RMB18,255,000 was added to the financial income.

Due to the increase of loan amount from RMB1,978,169,000 to 8,357,636,000 and an increase of the effective interest rate for the Reporting Year, the financial cost was approximately RMB163,827,000 (2011: RMB54,360,000), increased by 201.4%.

Profit after tax before transactions with Unitholders amounted to approximately RMB687,802,000 (2011: RMB1,337,275,000), which represented 48.6% decrease, mainly due to the fair value gain on properties valuation for the Reporting Year being approximately RMB390,518,000, far lower than the amount of approximately RMB1,026,406,000 recorded for the same period of last year.

The income of GZIFC Project was recorded under the name of Yuexiu REIT only after 8 October 2012 when the transaction was completed, while the forecasted figures in the circular was calculated from 1 July 2012. Therefore, the total revenue and the various costs were less than those in the circular. As the fair value gain of the investment properties is more than those in the circular and other income in relation to the acquisition of a subsidiary, net was positive, the profit after tax and before transaction with the Unitholders and of non-controlling interest increased by 267.5% as compared with those in the circular.

Below is a summary of comparison between 2012 income statement of Yuexiu REIT and the profit forecast as at 30 June 2012 in the circular:

	Actual	Forecast	Change %
	RMB (' 000)	RMB (' 000)	+ / (-)
Gross income	712,201	868,174	(18.0)%
Net property income	507,307	582,888	(13.0)%
Total non-property expenses	(143,601)	(288,884)	(50.3)%
Net profit before finance costs, interest income and income tax	363,706	294,004	23.7%
Finance expenses, net	(163,827)	(202,170)	(19.0)%
Income tax expenses	(50,400)	(54,616)	(7.7)%
Fair value gain on investment properties	390,518	149,960	160.4%
Other income in relation to the acquisition of a subsidiary, net	94,053	—	N/A
Net profit after income tax before transactions with Unitholders	687,802	187,178	267.5%

Net Asset Value

The net assets (including net assets attributable to deferred unitholder) attributable to the existing Unitholders per unit as at 31 December 2012 was approximately RMB4.57 (2011: RMB4.78), which represented a decrease of approximately 4.4%.

New Units Issued and Unit Activity

In respect of the acquisition of GZIFC, Yuexiu REIT newly issued 1,677,237,054 units on Oct 8 2012 and 19 November 2012 respectively, including 1,092,645,000 units were issued to independent third parties and 584,592,054 units were issued to Yue Xiu Property Company Ltd or its relating parties, representing part of the acquisition cost of GZIFC. As at 31 December 2012, a total of 2,743,209,741 Units were issued by Yuexiu REIT.

Financial Review

The Unit price the Yuexiu REIT reached a high of HK\$4.20 and a low of HK\$3.36 during the Reporting Year. The average trading volume amounted to approximately 5,185,811 Units per day during the Reporting Year. (2011: 1,356,029 Units)

The closing price of the Units as at 31 December 2012 was HK\$3.68, represented a discount of approximately 34.6% as compared to the net assets (including net assets attributable to deferred unitholder) attributable to Unitholders per Unit as at 31 December 2012.

CAPITAL STRUCTURE

On 26 September 2011, Yuexiu REIT had, through its SPV's entered into another facility agreement with certain lending banks in connection with a three-year floating rate secured term loan facility of HK\$2.502 billion. The new loan was fully drawn down on 17 October 2011. The fund of the new loan facility was used primarily for refinancing the existing banking facility of HK\$2.1 billion, and financing the fee and expenses incurred by Yuexiu REIT in connection with the new loan facility and/or the general working capital requirement.

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 cost for the acquisition of the GZIFC and part of the bank loan, amounted 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, amounted to RMB250,000,000, had already been repaid on 30 December 2012.

As at 31 December 2012, total borrowings of Yuexiu REIT amounted to approximately RMB8.358 billion (calculation of total borrowings based on bank loan, excluding capitalization of debt-related expenses), representing approximately 33.6% 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 31 December 2012, total liabilities of Yuexiu REIT (excluding net assets attributable to the Unitholders) amounted to approximately RMB12.267 billion, representing approximately 49% of total assets of Yuexiu REIT.

CASH POSITION

Cash and cash equivalents and short-term bank deposit of Yuexiu REIT as at 31 December 2012 amounted to approximately RMB899.021million. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

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

ACCOUNTING TREATMENTS

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

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

Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the Units contain contractual obligations to pay cash distributions and, upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with Unitholders' proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT.

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

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

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

SUMMARY OF ALL REAL ESTATE ACQUISITIONS AND DISPOSALS

On 8 October 2012, Yuexiu REIT acquired GZIFC at a consideration of approximately RMB8,850,000,000. The total GFA of GZIFC is approximately 457,356.8 sq.m.. For details please refer to the circular dated 30 June of 2012 and the announcements dated 27 September 2012, 8 October 2012 and 19 November 2012 respectively.

REAL ESTATE AGENTS ENGAGED BY YUEXIU REIT

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

During the Reporting Year, Yuexiu REIT paid service fees to Yicheng, White Horse PM and GZYGAM in the amounts of RMB8.956 million, RMB9.491 million and RMB2.122 million respectively.

REPURCHASE, SALE OR REDEMPTION OF UNITS

Yuexiu REIT may, subject to the fulfillment of certain requirements, purchase its own Units on the Stock Exchange.

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

EMPLOYEES

As at 31 December 2012, Yuexiu REIT employed 692 and 106 employees in China for hotel operation through its branch companies 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.

REVIEW OF FINANCIAL RESULTS

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

CORPORATE GOVERNANCE

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

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

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

ISSUANCE OF ANNUAL REPORT

The annual report of Yuexiu REIT for the Reporting Year will be dispatched to the Unitholders on or before 30 April 2013.

ANNUAL GENERAL MEETING

The Manager proposed that the annual general meeting of Yuexiu REIT for the Reporting Year to be held on 15 May 2013. Notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

PROPERTY PORTFOLIO

OVERVIEW OF THE PROPERTIES

The Properties of Yuexiu REIT comprise six high quality properties, namely White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis and GZIFC. The overview of the Properties is as follows:

Property	Type	Location	Year of completion	Area of ownership (sq. m.)	Total rentable area (sq. m.)	Occupancy rate ⁽¹⁾	Number of contract ⁽¹⁾ lease	Appraised value ⁽¹⁾ (RMB\$ million)
White Horse Building	Wholesale shopping centre	Yuexiu district	1990	50,199.3	50,128.9	100%	1,130	3,855.0
Fortune Plaza	Grade-A office	Tianhe district	2003	41,355.2	41,355.2	99.18%	83	780.0
City Development Plaza	Grade-A office	Tianhe district	1997	42,397.4	42,397.4	97.09%	65	648.0
Victory Plaza	Retail shopping centre	Tianhe district	2003	27,698.1	27,262.3	95.87%	18	782.0
Neo Metropolis	Commercial complex	Yuexiu district	2007	61,964.3	49,887.3 ⁽²⁾	98.85% ⁽²⁾	118	749.0
GZIFC	Commercial complex	Tianhe district	2010	457,356.8	230,266.8 ⁽³⁾	75.63% ⁽³⁾	128	15,512.0
Total				680,971.1	441,297.9	86.54%	1,542	22,326.0

(1) As at 31 December 2012;

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

(3) Excluding 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking spaces and common facilities area.

LOCATION OF THE PROPERTIES

The Properties of Yuexiu REIT are all located in the core business district of Guangzhou, the PRC. In particular, the White Horse Building is located in Liuhua business and exhibition area, adjacent to Guangzhou Railway Station with a diversity of wholesale markets specializing in clothing, shoes and leatherware in the surrounding areas. Fortune Plaza and City Development Plaza are located in the Tianhe CBD which is located on the new axis of Guangzhou and is one of the top three CBDs in China approved by the state where prime grade-A office buildings are concentrated, with highly concentrated metro line networks, convenient transportation, established and sound ancillary facilities. Victory Plaza is located in the Tianhe retail district which is the largest and the top retail district in China with the most thriving commercial atmosphere. Neo Metropolis is located at the intersection of three conventional business areas, being Beijing Road area in central Guangzhou, Shang Xia Jiu Road area and Liuhua business area, it is a property erected above the metro station enjoying enormous geographical advantages. Guangzhou International Finance Center is at the core financial business district of the Zhujiang New town which is located on the new axis of Guangzhou. Guangzhou International Finance Center enjoys favorable geographical location, with well-developed commerce and prosperous culture in the surrounding areas where natural and cultural landscapes of the new town center gathered, which will make Guangzhou International Finance Center the new icon of Guangzhou City.

LOCATIONS MAP OF PROPERTY

PROPERTY

- ◆ Guangzhou IFC
- ◆ White Horse Building
- ◆ Neo Metropolis
- ◆ City Development Plaza
- ◆ Victory Plaza
- ◆ Fortune Plaza



CHINA MAP
Guangzhou



Property Portfolio



White Horse Building

Forture Plaza

Ci

AREAS OF THE PROPERTIES

The property portfolio of Yuexiu REIT has an area of ownership of 680,971.1 sq.m. and a rentable area of 441,297.9 sq.m. As at 31 December 2012, the overall occupancy rate of the portfolio was 86.54%.



PROPERTY VALUATION

According to the valuation report issued by Savills, the property portfolio of Yuexiu REIT was valued at a total value of RMB22,326.0 million as at 31 December 2012 .



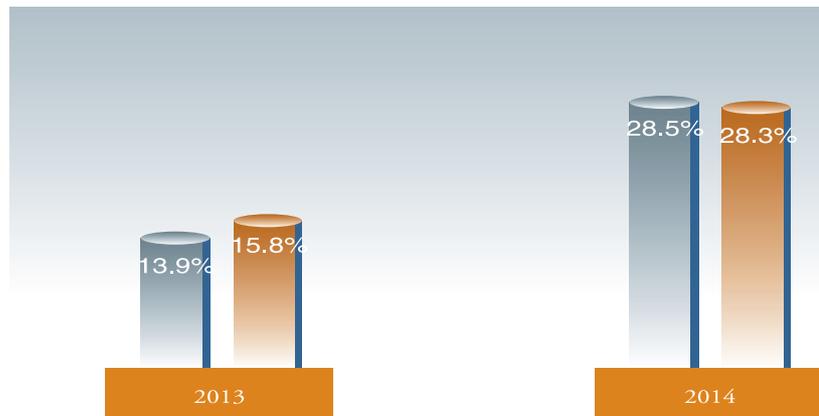
OPERATING INCOME GENERATED BY THE PROPERTIES

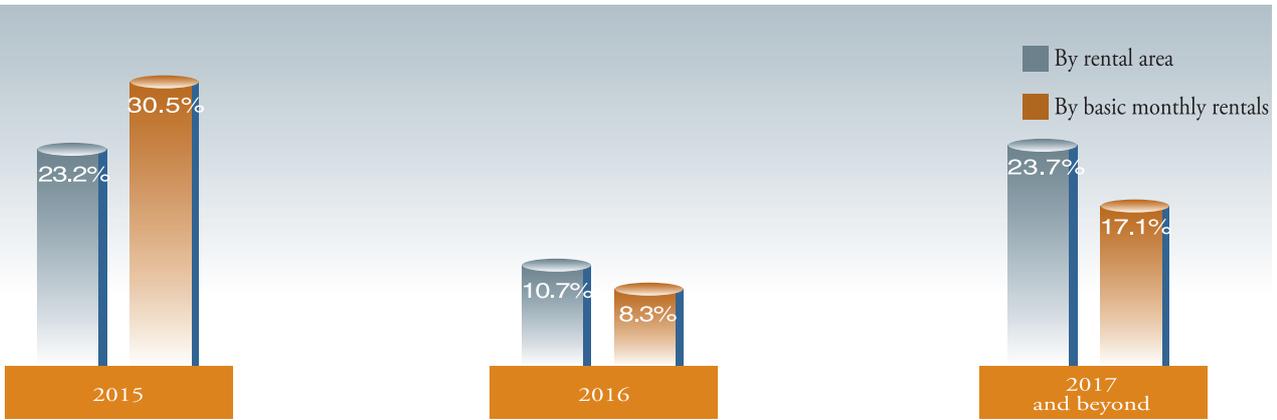
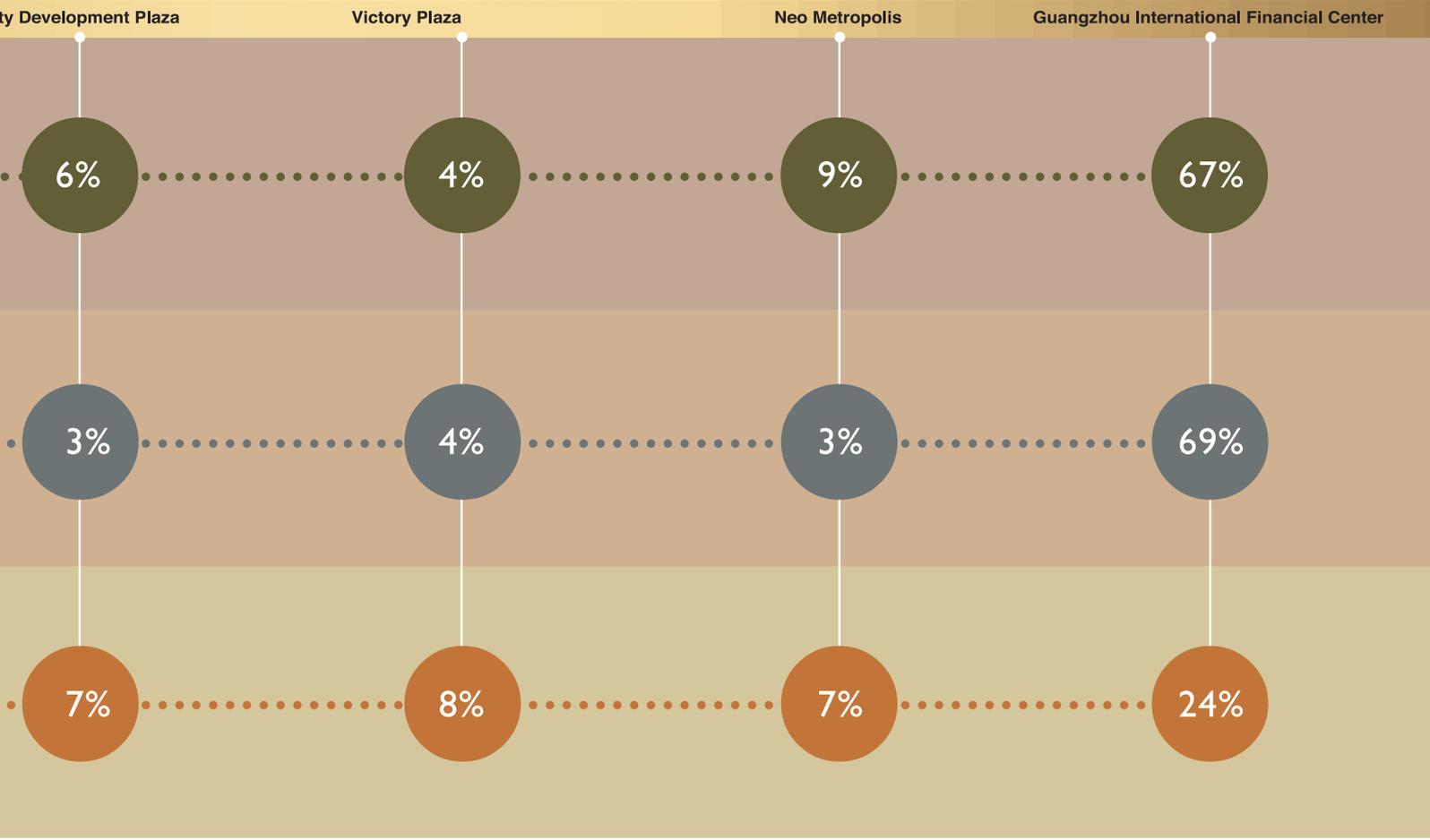
In 2012, Yuexiu REIT recorded a total operating income of RMB712 million, an increase of 36.4% over the same period last year.



LEASE EXPIRY OF THE PROPERTIES

In respect of rentable area in the next five years, ratios of lease expiry of Yuexiu REIT Properties each year will be 13.9%, 28.5%, 23.2%, 10.7% and 23.7% respectively. In respect of basic monthly rentals, ratios of lease expiry each year will be 15.8%, 28.3%, 30.5%, 8.3% and 17.1%.





Guangzhou – Tianhe District

GUANGZHOU IFC

Guangzhou International Finance Center is located in ZJNT CBD, the most radiative and attractive CBD in Guangzhou. It is a landmark mixed-use premium grade commercial complex in Guangzhou.

The property is in an excellent location of ZJNT CBD which is on the axis of Guangzhou and where Nos. 3 and 5 Metro Lines and the passenger automatic transportation system (APM) intersect. It is 45 minutes from Guangzhou Baiyun International Airport, 10 minutes from Guangzhou East Railway Station, 45 minutes from Nansha Expressway, and 15 minutes from Pazhou exhibition business district, facilitating quick and easy business connection.

Having a total gross floor area of 457,000 sq.m., the property comprises a main tower with 103 floors above ground and 4 floors underground, and a 28-storey annex building. It has 58 storeys of Grade A office spaces, 6 storeys of shopping mall, a car park with 1,700 parking spaces, a five-star hotel with 344 rooms, and 314 units of luxury serviced apartments.

The main tower of the property is 432 meters high, being one of the world's top ten high-rises. The property is designed by the renowned architectural firm Wilkinson Eyre Architects, and its structural works are undertaken by Arup. The property won the International Property Awards (Asia Pacific)'s "Highly Commended Mixed-use Project in China" in 2012 and the Lubetkin Prize granted by the RIBA in a global competition the same year, and was awarded the title "The Most Outstanding Building Outside the EU".

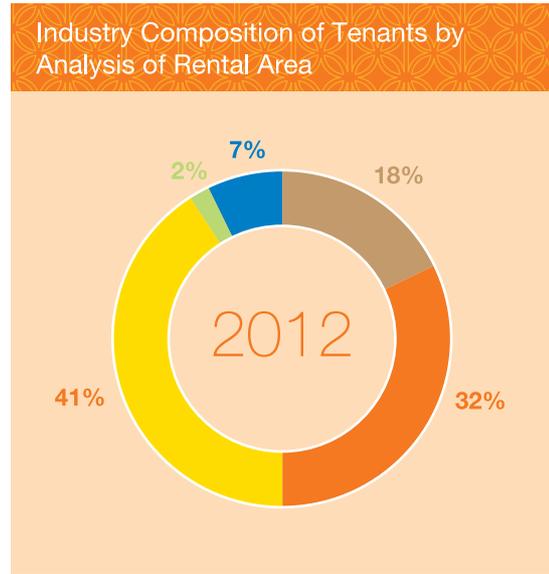




OFFICE

The offices of Guangzhou International Finance Center are on the 4th to 65th floors of the main tower. It has a gross floor area of 184,000 sq.m. and commenced operation in July 2011. As a landmark building in the southern China, Guangzhou International Finance Center has attracted many multinational companies and well-known enterprises to lease its offices. Currently its tenants include well-known companies such as Allianz Insurance, Alcatel, Biostime France, Prologis, Jones Lang LaSalle, and King & Wood.





- Commercial Services
- IT
- Finance
- Logistics Services
- Real Estate
- Manufacturing

Top Ten Tenants of Offices by Rental Income (as at 31 December 2012)

Name of tenant	Industry	% of gross rentable area	% of total monthly rental
Guangzhou Yuexiu and its subsidiaries	Real Estate	25.42%	39.19%
Agile Group	Real Estate	7.37%	8.61%
China Jing An Credit Guarantee Co., Ltd. (中國京安信用擔保有限公司)	Finance	1.81%	2.88%
Guangzhou City Biostime Biological Products Co., Ltd. (廣州市合生元生物製品有限公司)	Manufacturing	2.06%	2.80%
Guangzhou Servcorp Business Service Co. Ltd (廣州世服宏圖商務服務有限公司)	Commercial Services	2.14%	2.74%
深圳市華滙置業有限公司	Real Estate	1.85%	2.69%
King & Wood (Guangzhou) Law Firm 金杜(廣州)律師事務所	Commercial Services	1.83%	2.38%
China Export & Credit Insurance Corporation Guangdong Branch(中國出口信用保險公司廣東分公司)	Finance	1.78%	2.16%
Allianz Insurance (China) Co., Ltd. (安聯財產保險(中國)有限公司)	Finance	1.49%	1.58%
CreditEase Wealth Management (Beijing) Co., Ltd. (宜信卓越財富投資管理(北京)有限公司)	Finance	0.92%	1.28%
Total		46.68%	66.32%



SHOPPING MALL

The shopping mall occupies a total of six floors of the podium. It has a gross floor area of 47,000 sq.m. and commenced operation in November 2010.

The anchor tenant of the mall is the high-end department store, Guangzhou Friendship Store, which occupies 90% of the area of the mall for a term of 15 years from 2010. As of 31 December 2012, the occupancy rate of the mall was 97%, and the unit rental price was RMB131 per sq.m. per month.



FOUR SEASONS HOTEL GUANGZHOU

Four Seasons Hotel is entrusted to Four Seasons Group, the world-famous hotel brand management company, for operation and management. The hotel occupies the 68th to 100th floor of the main tower of Guangzhou International Finance Center, and the 1st to 5th floor (partial) of the podium, with a gross floor area of 89,000 sq.m.



Four Seasons Hotel Guangzhou provides comprehensive service support, including conference and banquet facilities with gross floor area of approximately 14,000 sq.m., CATCH Restaurant on the 100th floor, Tian Bar on the 99th floor, Kumoi (Japanese restaurant) and Caffe Mondo (western restaurants) on the 72nd floor, the Yu Yue Heen (Chinese restaurant) on the 71th floor, The Atrium on the 70th floor, and an SPA clubhouse, a sky swimming pool and a fitness center on the 69th floor. There is a grand tapering atrium rising from 70th through 100th floor. There is also a reception hall at the first floor of the hotel which provides guests with convenient and efficient concierge services.

Four Seasons Hotel Guangzhou adheres to its consistent objective of making guests feel at home, providing every guest with the most attentive and quality services which embody unique and exclusive experience.

	Date of inception	Area of ownership	Room number	Average occupancy rate	Average room rate (RMB/Night)
Four Seasons Hotel Guangzhou	August 2012	91,460.9	344	36.0%	1,861



ASCOTT IFC GUANGZHOU

Luxury serviced apartments under the operation and management of Ascott, located at the 6th to 28th floor of the property's annex building, with a gross floor area of 51,000 sq.m.



Ascott IFC Guangzhou provides 314 sets of elegant style luxury apartments for global business travelers. From one bedroom to three bedrooms, each apartment has separate living room and dining area with a fully equipped kitchen as well as a high-quality home theater system, allowing you to enjoy pleasant and comfortable living for both long-term residential or leisure purposes. The 24-hour security patrol and CCTV surveillance system can even ensure that your residence is safe and well protected.

	Date of inception	Area of ownership	Room number	Average occupancy rate	Average rental (RMB/sq.m./month)
Ascott IFC Guangzhou	September 2012	51,102.3	314	6.9%	190.8



Guangzhou – Yuexiu District

WHITE HORSE BUILDING

TOP 10 CHINA GARMENT WHOLESALE MARKET AND THE
INCUBATION BASE OF CHINA FASHION BRANDS

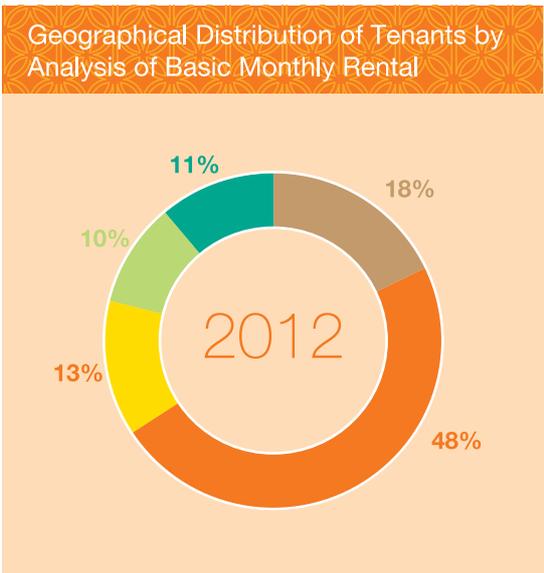


Located in the heart of Liuhua business and exhibition area, a famous fashion centre in China, and is close to the Guangzhou Railway Station, the White Horse Building commenced operation in 8 January 1993. It has an operating area of 60,000 sq.m., comprising 4 storeies of shopping mall, 5 storeies of office building and a single-storey underground car park.

Guangzhou White Horse Apparel Market congregates more than 1,300 fashion manufacturers from around the country, with an average daily traffic flow of over 50,000 customers. It has become a domestic mid to high-end fashion wholesale and retail centre, as well as a franchise and development centre for fashion brand. It is also a modern integrated service platform, integrating commodities trading, brand display, information exchange, trade negotiations, order to join, e-commerce, fashion trend releases, logistics distribution and industry services. White Horse Building are principally engaged in mid to high-end fashion trading, and their products are widely popular worldwide, covering more than 30 provinces, municipalities and autonomous regions in the PRC, as well as over 70 countries and regions such as the United States, Russia, the Middle East, Southeast Asia and West Europe. With the fashionable decor, the mall is equipped with modern facilities, including central air conditioning, passenger/freight lifts, security control system, fire protection system and broadband network. Furthermore, there is also a multi-functional performance stage, a customer services centre, a logistics centre, banks, supermarkets, parking lots, and food and beverage.

After years of development, Guangzhou White Horse Apparel Market has become a bellwether in the clothing wholesales sector of the country. Over the years, Guangzhou White Horse Apparel Market has won various awards such as Top 10 Garment Wholesale Market Award of China, the Incubation base of China Fashion Brand, National Civilized Market, International Fashion Apparel Procurement Center in Guangdong and the Product Development Promotion Award.

WHITE HORSE BUILDING



- Others
- Guangdong
- Xijiang
- Hong Kong, Macau and Taiwan
- Fujian

Top Ten Tenants by Rental Income (as at 31 December 2012)

Name of tenant	Industry	% of gross rentable area	% of total monthly rentals
Jin Yudan	Wholesale/retail	0.61%	1.34%
Shi Shali	Wholesale/retail	0.78%	1.27%
Zhao Kechun	Wholesale/retail	0.63%	1.26%
Zhu Dixiong	Wholesale/retail	0.82%	0.86%
Lu Shaoying	Wholesale/retail	1.08%	0.83%
Lin Mingguang	Wholesale/retail	0.74%	0.83%
Jiang Chun	Wholesale/retail	0.32%	0.75%
Chen Jiaquan	Wholesale/retail	0.76%	0.70%
Zhou Fawei	Wholesale/retail	0.69%	0.70%
Wang Jiang	Wholesale/retail	0.59%	0.62%
Total		7.01%	9.15%



Guangzhou – Tianhe District

FORTUNE PLAZA

COMMERCIAL
CENTRE
CONGREGATING
HEADQUARTERS
OF LARGE-
SCALE
BUSINESS
ENTERPRISES
IN SOUTHERN
CHINA

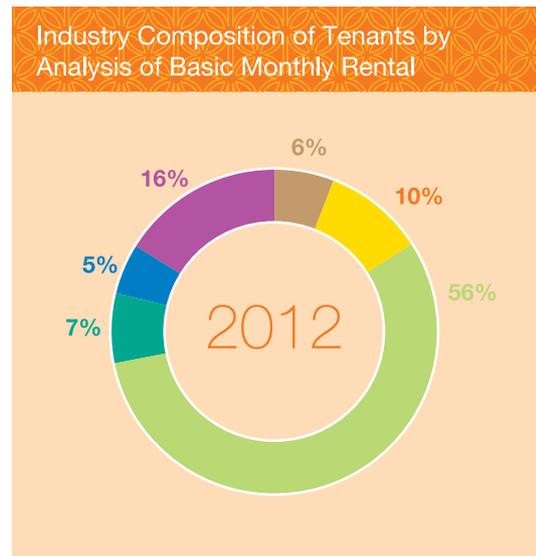


Located on Ti Yu Dong Road which is known as the “Guangzhou Wall Street”, and also at the heart of the Tianhe CBD, Fortune Plaza is a property erected above the Ti Yu Zhong Xin station of the Metro Line No. 1 of Guangzhou. It is easily accessible and adjacent to two important business districts, being Pearl River New City area in the south and Tianhe North in the north and benefitting greatly from its geographical advantages. This project has a total gross floor area of more than 80,000 sq.m. and comprises a 2-storey underground car park, a 6-storey commercial podium, a single-storey hanging garden club and 2 grade-A office building towers, one with 26 stories and the other 36. Fortune Plaza is one of the few intelligent 5A Grade-A office buildings purely for office use in the Tianhe CBD business circle in Guangzhou. Inside the building, there are banks, a business centre, a large conference centre, convenience stores and a grand clubhouse, which provide all-round and convenient ancillary business services for business people in the building.

As a landmark building in the Tianhe CBD of Guangzhou, Fortune Plaza is the top choice of many Fortune 500 companies as their regional quarters, and renowned companies in the PRC. Existing tenants of Fortune Plaza include many famous enterprises, such as Publicis Advertising, AEON Group, Baleno, Citibank, Astrazeneca, CTRIP and LG Chem.

Fortune Plaza was awarded “National Model Building for Property Management” by the Ministry of Construction of the PRC in 2006. It has received wide recognition by its customers and the industry.

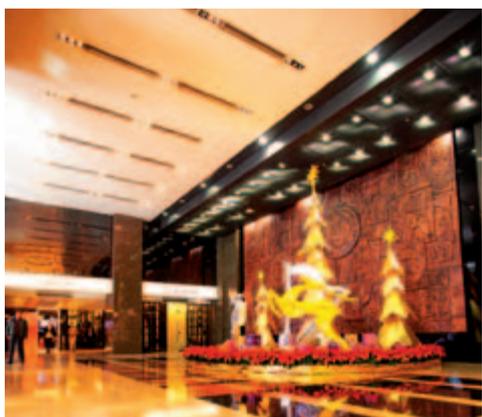
Property Portfolio



- Catering industry
- IT industry
- Real estate industry
- Logistics services industry
- Finance industry
- Manufacturing industry
- Commercial services industry
- Culture, sports and entertainment industry

Top Ten Tenants by Rental Income (as at 31 December 2012)

Name of tenant	Industry	% of gross rentable area	% of total monthly rentals
Guangzhou Friendship Baleno Garments Company Limited. (廣州友誼班尼路服飾有限公司)	Commercial Services	10.34%	8.33%
Aeon and its subsidiaries	Commercial Services	10.34%	7.65%
Publicis Advertising Co., Ltd. and its subsidiaries (陽獅廣告及其附屬公司)	Commercial Services	9.13%	7.63%
Wall Street English Training Center (Guangdong) Co., Ltd.	Commercial Services	3.74%	5.27%
Astrazeneca (Wuxi) Trading Co., Ltd. 阿斯利康(無錫)貿易有限公司	Manufacturing	4.82%	4.90%
Ctrip and its subsidiary (攜程及其附屬公司)	Commercial Services	4.82%	4.81%
Citibank (China) Co., Ltd., Guangzhou Branch	Finance	3.93%	4.50%
Guoyuan Securities Co., Ltd.	Finance	3.60%	3.46%
Guangdong Mannings Chain Commercial Co., Ltd. 廣東萬寧連鎖商業有限公司	Commercial Services	0.55%	3.37%
Guangzhou Real Kungfu Catering Co., Ltd. 廣州真功夫快餐連鎖管理有限公司	Catering	0.97%	2.98%
Total		52.24%	52.90%



Guangzhou – Tianhe District

CITY DEVELOPMENT PLAZA

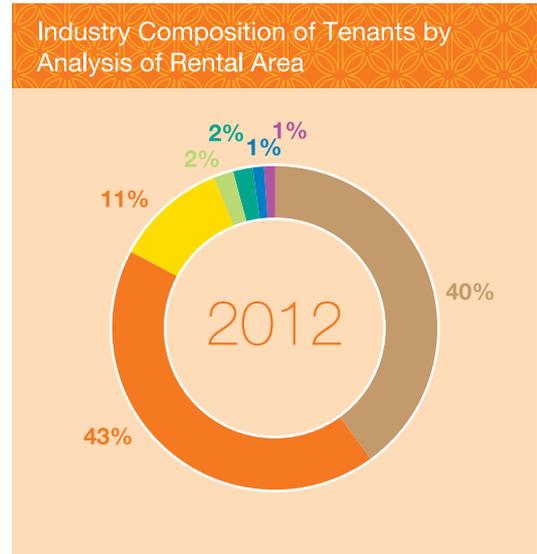
TIANHE CORE
BUSINESS
DISTRICT
FINANCIAL
SERVICES
CENTRE



City Development Plaza is located in the Tianhe CBD where a large number of high-end office buildings are situated. The property faced Tianhe Sports Stadium and is adjacent to Landmark buildings in the area such as CITIC Tower and Victory Plaza. It is easily accessible, just a 5-minute walk from the Metro Line No.3 and Pearl River New City Automatic Passenger Conveying System. With a green area of 5,000 sq.m., it provides a peaceful working environment. City Development Plaza has a total gross floor area of over 70,000 sq.m., comprising a 2-storey underground car park, a 3-storey commercial podium, a single-storey restaurant and a conference centre, a single-storey hanging club and a 28-storey high-end office building. It is a commercial complex integrating office, bank, business and club functions.

Existing tenants of City Development Plaza include many famous enterprises, such as AIA, SPD Bank, Ping An Bank, Efund Management Company, Regus and General Mills.

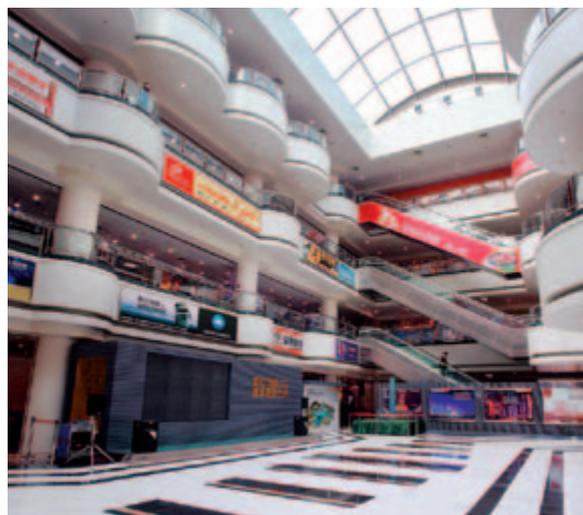
City Development Plaza was awarded “Lu Ban Award” for its prominent design by the Ministry of Construction of the PRC and the China Construction Industry Association in 1999, and “National Model Building for Property Management” by the Ministry of Construction in 2000.



- Commercial services industry
- Logistics services industry
- Finance industry
- Manufacturing industry
- Real estate industry
- Culture, sports and entertainment industry
- IT industry
- Catering industry

Top Ten Tenants by Rental Income (as at 31 December 2012)

Name of tenant	Industry	% of gross rentable area	% of total monthly rentals
Guangzhou City Construction & Development Group	Real estate	8.70%	9.93%
Guangzhou Wisevalley Development Co., Ltd.	Commercial Services	18.47%	9.28%
Shanghai Pudong Development Bank Guangzhou Branch	Finance	3.59%	8.93%
Ping An Bank	Finance	2.75%	8.81%
Golden Eagle Asset Management Co., Ltd. (金鷹基金管理有限公司)	Finance	8.70%	7.95%
Efund Management Co., Ltd.	Finance	4.35%	5.09%
Taikang Insurance and its subsidiaries	Finance	5.68%	4.93%
Yingda Taihe Property Insurance Joint Stock Co., Ltd. Guangdong Branch (英大泰和財產保險股份有限公司廣東分公司)	Finance	4.35%	3.97%
AIA Company Limited, Guangdong Branch 林建新	Finance	4.35%	3.78%
	Real estate	2.42%	2.54%
Total		63.36%	65.22%



Guangzhou – Tianhe District

VICTORY PLAZA

THEME-
BASED RETAIL
SHOPPING
MALL IN
THE CORE
BUSINESS
CIRCLE



Victory Plaza, located in the well-developed core area of the Tianhe CBD, is a comprehensive iconic building, integrating shopping mall, conference centre and high-end offices. It connects the interchange station between the Metro Lines No. 1 and No. 3. There are dozens of bus routes connecting to all directions.

Victory Plaza, with a total gross floor area of approximately 140,000 sq.m, comprises a 4-storey underground car park, a 6-storey shopping mall, a single-storey hanging garden club and two grade-A office buildings, one with 52 stories and the other 36. Its first floor to sixth floor belong to a commercial podium comprises GOME Electrical Appliances stores, leisure tea bars, specialty food and beverage outlets and banks. It also has a large car park with 438 car parking spaces and a multi-functional convention centre, providing visitors with a full range of services. It is equipped with state-of-the-art facilities, such as a 5A intelligent system and imported high-speed lifts facilitating convenient transportation inside the building.

Tenants of Victory Plaza include a number of renowned enterprises, including GOME Electrical Appliances, Starbucks, KFC, Balano, Industrial and Commercial Bank of China and China Merchants Bank.

Victory Plaza was recognized as a “Demonstration Project for Property Management in Guangdong” in 2010.



- Commercial services industry
- Catering industry
- Culture, sports and entertainment industry
- Finance industry

Top Ten Tenants by Rental Income (as at December 31 2012)

Name of tenant	Industry	% of gross rentable area	% of total monthly rental
Guangzhou GOME Electrical Appliances Co., Limited	Commercial Services	38.39%	38.19%
Guangzhou Friendship Baleno Company Limited (廣州友誼班尼路服飾有限公司)	Commercial Services	6.18%	12.28%
Industrial and Commercial Bank of China Limited Guangzhou Dezheng Zhong Road Sub-branch	Finance	1.53%	8.32%
China Merchants Bank Co., Ltd. Guangzhou Branch	Finance	2.84%	7.73%
J.M. Developments	Catering	11.07%	6.06%
Chen Huiyi	Catering	10.17%	5.38%
Yum! Restaurants (Guangdong) Co., Ltd.	Catering	3.08%	4.05%
Guangzhou Tianhe Meten English center (廣州市天河區美聯英語培訓中心)	Commercial Services	7.32%	3.98%
Hunan Home	Catering	5.82%	3.33%
廣州市天河區新英東外語培訓中心	Commercial Services	2.57%	2.52%
Total		88.98%	91.85%



廣州－越秀區

NEO METROPOLIS

BUSINESS
CENTRE IN
THREE BIG
TRADITIONAL
BUSINESS
CIRCLE



Neo Metropolis, located at the intersection of Zhongshan Six Road and Renmin Road, connects three conventional business areas, being Beijing Road area, Shang Xia Jiu Road area and Liuhua business area. It is a property erected above the Metro Line No.1 with excellent accessibility. Put into operation in 2007, Neo Metropolis has a total gross floor area of over 80,000 sq.m., comprising a 2-storey underground car park, a single-storey underground shopping mall, a 6-storey shopping podium, a single-storey hanging garden club and a 17-storey high-end office building. In the shopping area there are a large IT retail shop, catering facilities, banks, as well as space for entertainment, fitness and educational training. In the office building there is a hanging garden every three stories, which provide a green leisure place for business people. An affordable and environmentally-friendly air-conditioning system has also been set up in the building to provide a comfortable environment for 24-hour office work. Neo Metropolis is a green eco-friendly complex integrating shopping mall, high-end office building, auxiliary commercial facilities and club functions.

Tenants of Neo Metropolis are composed of a number of renowned enterprises, including Bank of China, Ping An Insurance (Group) Company of China, Ltd., TNT, Star Cruises, Jacking Group (頂升集團), China Mobile and Fairwood.

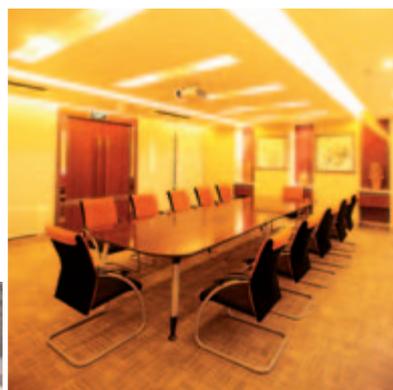
Neo Metropolis was awarded “Silver Medal for National Quality Engineering” for its construction quality by the National Engineering Construction Quality Evaluation Committee in 2008, and was recognized as a “Demonstration Building of Property Management in Guangzhou” and a “Demonstration Building of Property Management in Guangdong”.



- Commercial services industry
- Manufacturing industry
- Finance industry
- Culture, sports and entertainment industry
- Real estate industry
- Catering industry
- IT industry
- Others
- Logistics services industry

TOP TEN TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2012)

Name of tenant	Industry	% of gross rentable area	% of total monthly rental
EGO Digital Technology Group (Guangzhou) Co., Ltd.	IT	16.59%	18.38%
Ping An Life Insurance Company of China, Ltd. Guangdong Province Branch	Finance	7.45%	6.97%
ALP School	Education	7.43%	6.32%
TNT Express Worldwide (China) Ltd.	Logistics Services	6.51%	5.88%
Bank of China Limited Guangzhou Changdi Sub-branch	Finance	0.57%	4.53%
H. D. Lee and its subsidiaries	Commercial Services	3.99%	4.24%
Guangzhou GOME Electrical Appliances Co., Limited	Commercial Services	4.75%	4.17%
麗新郵輪 and its subsidiaries	Culture, sports and entertainment	2.78%	2.61%
China Mobile Group (Guangdong) Co. ,Ltd Guangzhou Branch	IT	2.83%	2.56%
Essence Securities Co. ,Ltd., Guangzhou Zhongshan Liu Road Securities Business Department	Finance	2.36%	2.51%
Total		55.25%	58.17%



REPORT OF THE TRUSTEE

TRUSTEE REPORT TO UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of Yuexiu Real Estate Investment Trust has, in all material respects, managed the Yuexiu Real Estate Investment Trust in accordance with the provisions of the Trust Deed dated 7 December 2005, as amended by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010 and the Third Supplement Deed dated 25 July 2012 for the financial year ended 31 December 2012.

HSBC Institutional Trust Services (Asia) Limited,

(in its capacity as the trustee of Yuexiu Real Estate Investment Trust)

Hong Kong, 13 March 2013

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

DIRECTORS

The Directors of the Manager are:

Name	Age	Position
Mr. LIANG Ningguang(梁凝光)	59	Chairman and Executive Director
Mr. LIU Yongjie(劉永杰)	55	Chief Executive Officer and Executive Director
Mr. LIANG Youpan(梁由潘) (resigned on 3 February 2012)	57	Non-Executive Director
Mr. LI Feng(李鋒) (appointed on 20 June 2012)	44	Non-Executive Director
Mr. CHAN Chi On, Derek(陳志安)	49	Independent Non-Executive Director
Mr. LEE Kwan Hung, Eddie(李均雄)	47	Independent Non-Executive Director
Mr. CHAN Chi Fai, Brian(陳志輝)	58	Independent Non-Executive Director

Chairman

Mr. LIANG Ningguang

Mr. Liang is the Chairman and an Executive Director of the Manager and is one of the Manager's Responsible Officers. Mr. Liang is also currently the Vice Chairman of Guangzhou Yue Xiu Holdings Limited ("GZYX"), an executive director of Yuexiu Transport Infrastructure Limited (Stock Code: 1052) and a director of Yue Xiu Securities Co. Ltd. Mr. Liang was formerly an executive director and deputy general manager of Yuexiu Property (Stock Code: 0123). Mr. Liang is specialized in corporate finance, capital restructuring and PRC taxation with particularly rich experience in capital operation, and has organized and led the listing of Yuexiu Property (formerly known as "Guangzhou Investment"), Denway Motors, Yuexiu Transport and Yuexiu REIT successfully.

Prior to joining Yue Xiu Enterprises (Holdings) Limited in 1989, Mr. Liang was a Deputy Commissioner of the Guangzhou Municipal Taxation Bureau.

Mr. Liang graduated from the Television University (Guangzhou) in the PRC with a major in finance and holds a Master degree in Business Administration from the Murdoch University of Australia. He is a Senior Accountant and a member of the Chinese Institute of Certified Public Accountants and is a Responsible Officer licensed under the Securities and Futures Ordinance of Hong Kong, Cap 571, ("SFO") to carry on regulated activities types 1, 4 and 9.

Directors' and Senior Executives' Profiles

Executive Director

Mr. LIU Yongjie

Mr. Liu is an Executive Director and Chief Executive Officer of the Manager as well as one of the Manager's Responsible Officers licensed under the SFO and is authorized to carry out type 9 regulated activity. He is concurrently Deputy General Manager of GZYZ but has devoted, and expected to continue to devote, 100.0% of his time in the management of Yuexiu REIT.

Before joining Yue Xiu, Mr. Liu was a Director and Deputy General Manager of Guangzhou City Construction & Development Co. Ltd. ("GCCD"), and was responsible for strategic planning in property development, property management, promotional campaigns, asset acquisition and asset enhancement. Mr. Liu has more than 15 years of experience in property investment and management. Prior to joining the property department of GCCD, Mr. Liu was an assistant to the director of, and a research fellow in economic studies in, the Economic Research Centre in Guangzhou.

Mr. Liu graduated from the University of Hubei (formerly known as Wuhan Teachers' College) in the PRC with a major in science; and obtained an Executive Master degree of Business Administration from Honolulu University.

Non-Executive Director

Mr. LI Feng

Mr. Li Feng is the Assistant to General Manager of, as well as the general manager of the capital department of, Guangzhou Yuexiu Holdings Limited ("Guangzhou Yuexiu") and Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu Enterprises"), and a director of Guangzhou City Construction & Development Co. Ltd., mainly responsible for organizing and implementing the group's major capital operation plans and coordinating investor relations for the group's listed companies.

Mr. Li graduated from the Faculty of Naval Architecture and Ocean Engineering of South China University of Technology majoring in Naval Architecture, and obtained a Master of Business Administration degree from University of Jinan. He holds the qualification of a senior engineer in China.

Mr. Li joined Yue Xiu Enterprises in December 2001 and has successively held positions including assistant manager of corporate management department, assistant to general manager of supervision and auditing department, deputy general manager of capital department and deputy general manager of Yue Xiu International Development Limited.

Mr. Li is familiar with business of listed companies and the operation modes of capital markets. He has participated in several major capital operation projects of the Group, including engaging in the successful listing of Yuexiu Real Estate Investment Trust, and has extensive practical experience in capital operation and auditing supervision.

Independent Non-executive Directors

Mr. CHAN Chi On, Derek

Mr. Chan is an Independent Non-executive Director of the Manager.

Mr. Chan is currently engaged in corporate finance and securities business, he is the chairman of Halcyon Capital Limited and Halcyon Securities Limited, respectively. Mr. Chan graduated from the University of Hong Kong with a Bachelor degree in Social Sciences (majoring in Economics) in 1985 and from the Hong Kong University of Science & Technology with a Master degree in Business Administration in 1994. Between 1989 and 1996, he worked for The Stock Exchange of Hong Kong Limited. During the period from 1996 to 2012, Mr. Chan was an executive director of Haitong International Securities Group Limited (stock code: 00665) and the head of its corporate finance division responsible for IPOs, M&As and fund-raising activities. He is also an independent non-executive director of Longfor Properties Co. Ltd. (stock code: 00960). He is, at the same time, an adjunct professor of the School of Accounting and Finance of the Hong Kong Polytechnic University. Mr. Chan possesses over 20 years of experience in the financial services industry.

Mr. LEE Kwan Hung, Eddie

Mr. Lee, was appointed an Independent Non-executive Director on 11 November 2005. Mr. Lee received his LL.B (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as a solicitor in Hong Kong in 1991 and the United Kingdom in 1997 and is a practising lawyer.

Mr. Lee was a Senior Manager of the Listing Division of The Stock Exchange between 1993-94. Mr. Lee is currently an Independent Non-executive Director of Embry Holdings Limited, NetDragon Websoft Inc., Asia Cassava Resources Holdings Limited, Futong Technology Development Holdings Limited, Walker Group Holdings Limited, Newton Resources Limited, Tenfu (Cayman) Holdings Company Limited, Far East Holdings International Limited and China BlueChemical Limited, the shares of these companies are listed on the Stock Exchange. Mr. Lee was also an Independent Non-Executive Director of New Universe International Group Limited.

Directors' and Senior Executives' Profiles

Mr. CHAN Chi Fai, Brian

Mr. Chan is an Independent Non-executive Director of the Manager and is currently also the Chief Financial Officer of the Parkview Group, which comprises two publicly listed companies.

Mr. Chan has been heavily involved in the overall development of the Hong Kong Parkview Group since he joined the group in 1990. With projects and investment properties in Hong Kong, the PRC, Singapore and United Kingdom, Hong Kong Parkview Group is principally engaged in property development and hospitality.

Prior to joining the Parkview Group, Mr. Chan worked in the banking sector from 1978 to 1989, the first seven years of which was with a reputable international bank. During his 11 years in banking, Mr. Chan was involved in international banking operations, mergers and acquisitions as well as financial and risk management.

Mr. Chan is a certified public accountant with professional accounting qualifications in Hong Kong and the United Kingdom.

Compensation of Directors of the Manager

All fees and compensation of the Directors and senior executives of the Manager were borne by the Manager and not by Yuexiu REIT or any of its controlled entities.

Independence of Directors

The Manager has received written annual confirmation of independence from each of the three independent non-executive Directors ("INEDs") of the Manager confirming his independence based on the criteria set out in the Compliance Manual and the Manager considered all independent non-executive Directors to be independent.

SENIOR EXECUTIVES OF THE MANAGER

Mr. LIU Yongjie

Mr. Liu is the Chief Executive Officer and one of the Responsible Officers of the Manager. Information on his business and working experience have been set out in the subsection headed "Directors" above.

Mr. LIANG Danqing

Mr. Liang is a Deputy Chief Executive Officer and heads the Corporate Services team of the Manager. He is responsible for asset management operations and overseeing corporate services of the Manager. Prior to joining the Manager, Mr. Liang was the general manager of GCCD Marketing Center and was responsible for development strategies, marketing and promotional activities. In 2004-2005, the sales volume of the projects under his direction was among the top five of various Guangzhou developers. Mr. Liang has remarkable performance in formulating sales strategies for commercial properties. He was in charge of planning and marketing various projects such as Victoria Plaza and Yue Xiu City Plaza. Mr. Liang holds a real estate agent's licence of the PRC and has over 10 years of experience in property investment and planning.

Mr. Liang graduated from South China University of Technology, majoring in Corporate Management Engineering. He also obtained a Master degree of Business Administration from the University of Western Sydney.

Mr. LIN Deliang

Mr. Lin is a Deputy Chief Executive Officer of the Manager and as one of the Manager's Responsible Officers licensed under the SFO and is authorized to carry out type 9 regulated activity. He is responsible for identifying and assessing potential acquisition opportunities, to strengthen the current property portfolio, and in-charge of investor relation and market capitalization management. Prior to joining the Manager, Mr. Lin was deputy general manager of Guangzhou Dongfang Hotel Group of Yue Xiu Group, responsible for lease and sales, financial revenue management, hotel brand development, tourism affairs etc. After joining GCCD in 1992, Mr. Lin held various managerial positions in investment development department, Xingye Real Estate Agent Co., Ltd., Guangzhou Investment (HK Property) Company Limited, participated and in-charge of investment recommendation, market analysis, feasibility study, sales and marketing programmes for various large scale residential and commercial property, and was responsible for the sales of properties located in Hong Kong, Macau, France, Singapore etc from 2003 to 2005.

Mr. Lin is familiar to investment, sales and operation of property, and hotel management. He has over 15 year experience over property investment and operation strategy. Mr. Lin is Real Estate Appraiser of China, China Land Valuer and China Real Estate Agent.

Mr. Lin was graduated from Jinan University in the PRC with professional studies in corporate management, and obtained a Bachelor degree in Economics. He completed a MBA postgraduate course at South China University of Technology from 2004 to 2005.

Mr. KWAN Chi Fai

Mr. Kwan is the Chief Financial Officer of the Manager. Prior to joining Yue Xiu in January 2007, Mr. Kwan was the financial controller of two companies which are listed on the Stock Exchange. He has over 20 years of experience in finance, accounting and taxation.

Mr. Kwan is a Certified Management Accountant and a member of both the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. He obtained a Master degree in Business Administration and a Bachelor degree in Accounting from the University of Hong Kong.

Mr. LIAO Ningjun

Mr. Liao is the assistant to Chief Executive Officer and heads the investment team of the Manager.

Prior to joining Yue Xiu group, Mr. Liao worked with the Guangzhou Municipal Finance Bureau and the Guangzhou Municipal Taxation Bureau where he obtained broad spectrum of PRC financial and taxation exposure. Mr. Liao has been working with Yue Xiu group since 1992. He had been the General Manager Assistant of the Finance and Accounts Department of Yue Xiu group and was the director and Deputy General Manager of Yue Xiu Finance Company Limited and Yue Xiu Securities Company Limited. Before joining the Manager, Mr. Liao is mainly responsible for corporate finance, capital restructuring and M&A and investment projects. He has more than 25 years' experience in investment, financial management and China taxation in real estate, financial and securities industries.

Mr. Liao graduated from Guangzhou Financial School majoring in accounting and financial management, and possesses a Master's degree in Business Administration from Murdoch University, Australia. He is now a licensed person under the SFO and is authorized to carry out regulated activities of type 9.

Directors' and Senior Executives' Profiles

Ms. CHEN Huiqing

Ms. Chen heads the asset management team of the Manager. She joined the GCCD group in 1997 and worked in Guangzhou White Horse Property Management Co. Ltd. and Guangzhou Yicheng Property Management Co. Ltd. as deputy general manager. In the past 10 years, Ms. Chen was responsible for various major projects on marketing strategies, marketing and management activities. Ms. Chen has over 10 years of experience in commercial property marketing strategy and leasing management.

Ms. Chen obtained a degree in Management from University of China Geology in 1997 and a Master degree in Business Administration from South China University of Technology in 2008.

Ms. LI Jing

Ms. Li is the general manager of the Project Development Department of the Manager. She is mainly responsible for the capital technical alteration, risk control and facility management operations. Before joining to Yue Xiu, Ms. Li had 7 years of experience of senior engineering management in Colliers International and Jones Lang LaSalle. Ms. Li titled Associate Director in Jones Lang LaSalle, and she was responsible for the technical supervision, including engineers team construction, system set up, quality control for the engineering services to clients, KPI management and risk management. Ms. Li worked in Hongkong Road King Group to assist at new project planning, development and distribution.

Ms. Li graduated from Tsinghua University with a bachelor degree of Engineering. Ms. Li is the holder of Fire Services Designer's License, Plumbing and Drainage Engineer's License and Property Manager's License. Ms. Li has over 20 years engineering experience and published papers in various technical publications of China.

Mr. YU Tat Fung

Mr. Yu Tat Fung is the company secretary and appointed as the Compliance Manager on 1 March 2010 of the Manager. He is also the general manager of the Legal Department of YXP and, from October 2004, the company secretary of both YXP and Yuexiu Transport Infrastructure Limited. Mr. Yu obtained a Bachelor's degree in Social Sciences from the University of Hong Kong in 1981. He attained the Solicitors Final Examination in England in 1983. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in 1995. Prior to joining YXP in 1997, he was engaged in private practice with an emphasis on corporate and commercial law.

Mr. PO Ping Wah, Alain

Mr. Po is the Owner Representative of Hotels and Apartments of the Manager. Before joining the Yue Xiu Group in August 2012, Mr. Po has served in the senior positions as the general manager of hotels in various hotel management groups, including InterContinental, Hyatt and Marriott, both overseas and within China since 1980s, overseeing preparations at the pre-opening stage, management during the operation period as well as renovation and restructuring in the later stage, and has accumulated over 30 years of experience in the industry.

Mr. HUANG Weijun

Mr. Huang is the general manager of the finance department of the Manager. Mr. Huang joined the GCCD group in 1998 and had served as the cost management manager and tax manager in the finance department, and also served as the finance manager of the Guangzhou City Construction & Development Jingcheng Property Co., Ltd. (廣州城建開發景城房地產有限公司), he has approximately 15 years of experience in the area of finance of the real estate industry.

Mr. Huang was graduated from the Accounting Department of Jinan University (暨南大學) in 1998 with a Bachelor degree in Economics, and obtained a Master degree in Professional Accounting from Jinan University in 2008. Mr. Huang is a non-practising member of the Chinese Institute of Certified Public Accountants.

Mr. LI Wenzheng

Mr. Li is the general manager of the Investment Management Department, with more than 10 years of experience in real estate and M&A investment activities. Mr. Li joined the Manager in 2009 and was responsible for the property investment and acquisitions for the REIT. Before joining the Manager, he had served as the head of the corporate management department of Guangzhou City Construction and Development Group Co., Ltd. (廣州市城建開發集團有限公司), an investment director of the China office of the British Golden Bridge Investment Company (金橋投資公司), and the head of projects of the investment banking department of Guangzhou Securities, overseeing the businesses of property development and management, equity investment and corporate financing.

Mr. Li was graduated with a Master degree from the Department of Economics of the University of York in U.K. Before that, he had obtained a Bachelor degree from the Business Administration School of the South China University of Technology (華南理工大學) in the PRC. Mr. Li is also a non-practising member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Mr. LIU Bihong

Mr. Liu is the deputy general manager of the compliance department of the Manager. He is mainly responsible for the prevention and management of PRC legal risks, and provides PRC legal support for company business and investment acquisitions. He also assists in compliance work to ensure that corporate events have conformed to the requirements of the regulatory bodies such as the Hong Kong Stock Exchange and the SFC. Mr. Liu has a wide range of professional knowledge and has gained professional qualifications successively in the PRC, including Chinese Lawyer Qualification (1996), Certified Public Accountant (1998), Enterprise Legal Consultant (2000) and the Qualification for Registered Tax Agent (2001).

Mr. Liu obtained a Bachelor degree in engineering from Jilin University of Technology (吉林大學) in 1994 and graduated from the Sun Yat-sen University (中山大學) in 2005 with a Juris Master degree.

THE LEASING AGENTS

THE LEASING AGENTS

Yicheng was incorporated in the PRC in 1997 and is 85.7% owned by YXP. It was GB/T19001-2008 and ISO9001:2008 certified in 2009.

White Horse PM was incorporated in the PRC in 1998 to provide leasing, marketing, tenancy management and property management services to White Horse Building and has been exclusively managing the property since 1998. It was GB/T19001-2008 and ISO9001:2008 certified in 2011.

Guangzhou Yue Xiu Asset Management Company Limited (“GZAM”) was incorporated in the PRC in 2012 to provide leasing, marketing and tenancy management services for the office buildings and shopping malls of GZIFC.

CONFLICTS OF INTEREST

YXP, its subsidiaries and associates are engaged in, amongst other things, investment in and development and management of commercial properties. Possible conflicts of interest may arise where Yuexiu REIT competes directly with YXP and/or its subsidiaries or associates for property acquisitions and tenants. In order to address such potential conflict of interest, the following arrangements have been made.

SEGREGATION OF OPERATIONAL LEASING AND MARKETING FUNCTIONS

The YXP Group has effected an internal restructuring which resulted in White Horse PM and Yicheng (together “Leasing Agents”) only being solely responsible for providing leasing and marketing services to Yuexiu REIT’s properties and another company within the YXP group (“YXP Property Manager”) being solely responsible for providing such services to properties not belonging to Yuexiu REIT.

“CHINESE WALLS”

“Chinese Wall” procedures have been put in place to ensure that there is segregation of information between the Leasing Agents and the YXP Property Manager. These include having separate operating premises and IT systems, and separate reporting lines, for each of the Leasing Agents and the YXP Property Manager. Both Leasing Agents have on-site premises for its use in connection with its property management functions. The personnel and IT systems of the Leasing Agents and the YXP Property Manager have been physically segregated.

CONTRACTUAL PROTECTION

Contractual provisions have been included in each of the tenancy services agreements entered into between the Manager and Partat Investment Limited (“Partat”), Moon King Limited (“Moon King”), Full Estates Investment Limited (“Full Estates”), Keen Ocean Limited (“Keen Ocean”), Guangzhou Jieyacheng Properties Co., Ltd (“Jieyacheng”), Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd (“GYCCIFC”) or, as the case may be, and the relevant Leasing Agent to provide that:

- (i) the Leasing Agents will at all times act in the best interests of Yuexiu REIT and exercise a reasonable standard of care, skill, prudence and diligence under the circumstances then prevailing that a reputable leasing agent would use in providing similar services for comparable commercial properties in Guangzhou;

- (ii) the Leasing Agents will adhere to the organisational charts and reporting lines agreed with the Manager and will act in accordance with the directions of the Manager;
- (iii) the Leasing Agents will implement the annual business plan and budget approved by the Manager every year and use its best endeavours to achieve the revenue targets in such approved annual business plan and budget; and
- (iv) if leasing or marketing opportunities in relation to any of the Properties become available to the Leasing Agents which the Leasing Agents, acting reasonably and in good faith, consider are or are likely to be in competition with the YXP Property Manager, the Leasing Agents will either:
 - refer all such business proposals to the Manager for vetting and confirmation before the relevant Leasing Agent proceeds with such proposals or opportunities; or
 - sub-contract to a third party leasing agent independent of the YXP Group, to devise and implement the relevant business proposal.

YXP, being the parent company of the Leasing Agents, has provided an undertaking to Yuexiu REIT that it will procure that the Leasing Agents will comply with the relevant provisions set out in the tenancy services agreements in this regard.

CORPORATE GOVERNANCE

With the objective of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Yuexiu REIT in a transparent manner and with built-in checks and balances. Set out below is a summary of the key components of the corporate governance policies that have been adopted and are followed by the Manager and Yuexiu REIT.

AUTHORISATION STRUCTURE

Yuexiu REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. The Manager has three persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and Rule 5.4 of the REIT Code, and Mr. Liang Ningguang and Mr. Liu Yongjie, the executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Lin Deliang is also a Responsible Officer.

The Trustee is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 29) and is qualified to act as a trustee for authorised collective investment schemes under the SFO and the REIT Code.

ROLES OF THE TRUSTEE AND MANAGER

The Trustee is responsible under the Trust Deed for, amongst other things, the safe custody of the assets of Yuexiu REIT held by it on behalf of Unitholders. The Manager's role under the Trust Deed is to manage Yuexiu REIT in accordance with the Trust Deed and, in particular, to ensure that the financial and economic aspects of Yuexiu REIT's assets are professionally managed in the sole interests of the Unitholders.

FUNCTIONS OF THE BOARD

The board of Directors of the Manager ("Board") currently comprises six members, three of whom are INEDs.

The Board principally oversees the day-to-day management of the Manager's affairs and the conduct of its business and is responsible for the overall governance of the Manager. The Board's function is largely separated from, and independent of, the executive management function. The Board leads and guides the Manager's corporate strategy and direction. Day-to-day management functions and certain supervisory functions have been delegated to relevant committees of the Board and a schedule of matters specifically reserved to the Board has been formally adopted. The Board exercises its general powers within the limits defined by the Manager's articles of association ("Articles of Association"), with a view to ensuring that management discharges its duties and is compensated appropriately, and that sound internal control policies and risk management systems are maintained. The Board will also review major financial decisions and the performance of the Manager. In accordance with the REIT Code, the Manager is required to act in the best interests of the Unitholders, to whom it owes a fiduciary duty.

ROLES OF THE KEY BOARD MEMBERS

The roles of the key members of the Board are as follows:

- Chairman - responsible for the overall leadership of the Board and the Manager generally.
- Chief Executive Officer - responsible for the day-to-day operations of the Manager and supervises the Manager's management team to ensure that Yuexiu REIT is operating in accordance with its stated strategies, policies and regulations.
- INEDs - govern the Manager through the Board and their participation in Board committees.

BOARD COMPOSITION

The composition of the Board is determined using the following principles:

- the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management and the property industry; and
- at least one-third of the Board (and, in any event, not less than three Directors) should comprise INEDs.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

BOARD MEETINGS

Board meetings will normally be held at least four times a year at approximately quarterly intervals. To ensure that Directors will be given sufficient time to consider the issues to be tabled at the various Board meetings, details of the venue, time and agenda of the meeting are required to be given at least 10 clear days in advance of the meeting (except if there are exceptional circumstances or if the majority of Directors agree to a shorter period of notice).

No Board meeting, or any adjourned Board meeting, will be quorate unless a simple majority of Directors for the time being (excluding any Directors which the Manager has a right to exclude for that purpose, whether pursuant to a contract or otherwise) are present at the time when the relevant business is transacted. A Director who, whether directly or indirectly, has a material interest in a contract or proposed contract with the Manager, which is of significance to the Manager's business, must declare the nature of his interest either at the earliest Board meeting or by giving a general notice to the Board before the question of entering into the contract is taken into consideration on behalf of the Manager.

A Director who is prohibited from voting by reason of a conflict of interest will not be counted for the purposes of establishing the necessary quorum for the meeting.

Matters to be considered by the Board will be adopted on the basis of a simple majority of votes.

The Manager has held 11 full Board meetings, 5 of which were held by means of written resolution, during the reporting period and the attendance of individual directors at such Board meetings is as follows:

Members of the Board	Number of meetings attended
Chairman	
Mr. Liang Ningguang	6
Executive Director	
Mr. Liu Yongjie	6
Non-executive Director	
Mr. Li Feng*	2
Independent Non-executive Directors	
Mr. Chan Chi On, Derek	6
Mr. Lee Kwan Hung, Eddie	6
Mr. Chan Chi Fai, Brian	6

* Appointed on 20 June 2012.

BOARD COMMITTEES

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and to then submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are as follows:

AUDIT COMMITTEE

The Audit Committee comprises INEDs only (at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise) and should have at least three members. As at date of this report, the members of the Audit Committee are Mr. Chan Chi On, Derek, Mr. Lee Kwan Hung, Eddie and Mr. Chan Chi Fai, Brian is the Chairman of the Audit Committee. Among other matters, it reviews the completeness, accuracy and fairness of Yuexiu REIT's financial statements and considers the scope, approach and nature of internal and external audit reviews, and is responsible for the overall risk management.

The Audit Committee's responsibilities also include:

- (1) appointing external auditors, reviewing their reports and guiding management to take appropriate actions to remedy faults or deficiencies identified in internal control.
- (2) monitoring the procedures in place to ensure compliance with applicable legislation, the REIT Code and the applicable Listing Rules.
- (3) reviewing all financial statements and internal audit reports.
- (4) reviewing and monitoring the procedures established to regulate connected party transactions, including ensuring compliance with the provisions of the REIT Code relating to transactions between Yuexiu REIT and a "connected person" (as defined in REIT Code)

The Audit Committee meets on a half yearly basis and otherwise on an as-needed basis. During the Reporting Year, five meetings of the Audit Committee were held, two of which was held by means of written resolution.

Audit Committee held during 2012 for considering and reviewing 2011 annual result, 2012 interim result, major acquisition of GZIFC, connected party transactions and other internal controls, risk management and compliance matters of Yuexiu REIT.

The attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Chan Chi On, Derek	3
Mr. Lee Kwan Hung, Eddie	3
Mr. Chan Chi Fai, Brian (Chairman)	3

The external auditors of Yuexiu REIT attended the Audit Committee meeting to report any major audit issues and findings. The Audit Committee also met with the external auditors without the presence of the management team of the REIT Manager once during the Reporting Year.

FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee comprises four Directors, including the Chairman, the Chief Executive Officer and at least one INED. It is responsible for, among other matters, evaluating and making recommendations on proposed acquisitions and disposals of assets, approving budgets and reviewing actual expenses on all key expenditures and reviewing the quarterly financial performance, forecasts and annual financial plan of the Manager and Yuexiu REIT. The Finance and Investment Committee also reviews and recommends changes to financial authorities, policies or procedures in areas such as accounting, taxes, treasury, distribution payout, investment appraisal, management and statutory reporting.

Finance and Investment Committee held during 2012 for reviewing 2011 annual result, 2012 interim result, major acquisition of GZIFC and capital renovation of Yuexiu REIT.

The Finance and Investment Committee has held 4 meetings, 1 of which was held by means of written resolution, during the reporting period, and the attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Liang Ningguang	3
Mr. Liu Yongjie (Chairman)	3
Mr. Chan Chi On, Derek	3
Mr. Chan Chi Fai, Brian	3

DISCLOSURE COMMITTEE

The Disclosure Committee comprises the Chief Executive Officer and at least one INED. Among other matters, it is responsible for reviewing matters relating to the regular, urgent and forward looking disclosure of information to Unitholders and public announcements and circulars. The Disclosure Committee also oversees compliance with applicable legal requirements (including those relating to Yuexiu REIT's connected party transactions) and the continuity, accuracy, clarity, completeness and currency of information disseminated by the Manager and Yuexiu REIT to the public and applicable regulatory agencies.

The Disclosure Committee's responsibilities also include:

- 1 Regularly review and recommend to the Board on matters of corporate disclosure issues and announcements, financial reporting, connected party transactions and potential areas of conflict of interests.
- 2 Oversee compliance with applicable legal requirements and the continuity, accuracy, clarity, completeness and currency of information disseminated by both the Manager and the Trust to the public and applicable regulatory agencies.
- 3 Review and approve all material non-public information and all public regulatory filings of the Entities prior to such information being disseminated to the public or filed with applicable regulatory agencies, as applicable.

The Disclosure Committee members are appointed by the Board from among the Directors. The Disclosure Committee presently consists of two members, namely, Mr. Liu Yongjie, and Mr. Chan Chi On, Derek, is the chairman of the Disclosure Committee.

The Disclosure Committee meets on a half yearly basis and otherwise on an as-needed basis. During the Reporting Year, 17 meetings of the Disclosure Committee were held, 14 of which were held by means of written resolution.

Disclosure Committee held during 2012 for considering and reviewing results announcement, interim and annual reports, joint announcement on major acquisition of GZIFC and other corporate disclosure issues of Yuexiu REIT.

The attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Liu Yongjie	3
Mr. Chan Chi On, Derek (Chairman)	3

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises the Chief Executive Officer and at least three other Directors, one of whom must be an INED. Among other matters, it reviews the terms and conditions of employment of all staff and Directors (other than the members of the Remuneration and Nomination Committee, whose remuneration is determined by the Board) and recommends the manpower deployment plan (including the succession plan for the management of the Manager and the Board), remuneration and retirement policies and packages. It ensures that no Director is involved in deciding his own remuneration. It is also responsible for reviewing the structure, size and composition of the Board and its committees on an ongoing basis and for nominating, and providing recommendations on, persons for appointment, re-appointment or removal as Directors. If a member of the Remuneration and Nomination Committee is subject to re-appointment or removal, then such Director will abstain from participating in such discussions.

Remuneration and Nomination Committee held during 2012 for nominating a non-executive director, reviewing the performance management and manpower deployment of the Trust and the Manager and reviewing the structure, size and composition of the board and committees.

The Remuneration and Nomination Committee has held 4 meetings, 1 of which was held by means of written resolution during the reporting period and the attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Liu Yongjie	3
Mr. Chan Chi On, Derek	3
Mr. Lee Kwan Hung, Eddie (Chairman)	3
Mr. Chan Chi Fai, Brian	3

INDEPENDENT BOARD COMMITTEE

Independent Board Committee presently consists of three INEDs, namely, Mr Chan Chi On, Derek, Mr Lee Kwan Hung, Eddie and Chan Chi Fai, Brian.

Independent Board Committee has held 2 meetings, 1 of which was held by means of written resolution, during the Reporting Year.

Independent Board Committee held during 2012 a meeting between INEDs and IFA concerning the major acquisition of GZIFC and reviewing and approving the acquisition of GZIFC.

The attendance of members at such meeting is as follows:

Members attended	Number of meetings attended
Mr. Chan Chi On, Derek	1
Mr. Lee Kwan Hung, Eddie	1
Mr. Chan Chi Fai, Brian	1

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

In accordance with the Corporate Governance Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. The Directors should also provide the Company with their respective training records according to the Corporate Governance Code.

During this year, the Directors have participated in relevant seminars or readings etc. which covered topics relating to the management and related regulations, as well as compliance issues with respect to the Listing Rules and the Securities and Futures Ordinance. Based on the Director's training records, trainings received by each Director during the period from 1 January 2012 to 31 December 2012 are summarized as follows:

Name of Directors	Readings on publications and newspapers on updated information about economics, commerce, directors duties, etc.	Participation in trainings/briefings/corporate governance seminars/conferences relevant to Directors' duties
Executive Directors		
Mr. LIANG Ningguang	√	√
Mr. LIU Yongjie	√	√
Non-Executive Director		
Mr. LI Feng	√	√
Independent Non-Executive Directors		
Mr. CHAN Chi On, Derek	√	√
Mr. LEE Kwan Hung, Eddie	√	√
Mr. CHAN Chi Fai, Brian	√	√

APPOINTMENT AND REMOVAL OF DIRECTORS

Directors may be nominated for appointment by the Board following a recommendation made by the Remuneration and Nomination Committee. All Directors will be appointed for specific terms. One-fourth of the INEDs who are subject to retirement by rotation (if necessary, rounded up to the nearest whole number) will retire at every annual general meeting from and including the first annual general meeting and the retiring Directors on each occasion will be those who have been longest in office since their last appointment or re-appointment, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree amongst themselves) be determined by ballot. INEDs may serve up to a maximum term of nine years. There is no maximum term for other Directors.

The Chairman has been appointed for an initial term of three years. Upon the expiration of such initial term, he may be re-appointed as a Chairman for up to a maximum term of six consecutive years (including the initial term). On 29 December 2011, upon Board resolution, the Chairman's re-appointment tenure is not restricted.

A Director may also be removed from office if served with a notice of removal signed by all of the other Directors. An outgoing Director must abstain from voting in respect of a resolution proposed at a Board meeting in respect of the appointment of his successor or his re-appointment.

Pursuant to the Articles of Association, a Director will need to vacate his office in certain circumstances, such as in the event that he becomes bankrupt, is convicted of an indictable offence, has been absent from Directors meetings for six months or more without special leave of absence from the Board or fails to comply with the required standard set out in any code of conduct adopted by the Board and the Board resolves that he is thereby disqualified to continue as a Director.

MANAGEMENT OF BUSINESS RISK

The Board meets quarterly or more frequently, if necessary, and reviews the financial performance of Yuexiu REIT. The Board has reviewed any risks relating to the assets of Yuexiu REIT, examined liability management and will act upon any comments from the auditors of Yuexiu REIT (where appropriate)

The Manager has appointed experienced and well-qualified management team to handle the day-to-day operations of the Manager and Yuexiu REIT. In assessing business risk, the Board has considered the economic environment and the property industry risk. It reviews management reports and feasibility studies on individual development projects prior to approving any major transactions.

CONFLICT OF INTEREST

The REIT Manager has established the following procedures to deal with conflict of interest:

- 1) The REIT Manager does not manage any other real estate investment trust or involve in any other real estate business;
- 2) All connected party transactions are monitored and undertaken according to the procedures and/or on terms in compliance with the REIT Code.
- 3) At least one-third of the Board comprise INEDs.

GENERAL MEETINGS

Yuexiu REIT will in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The Trustee or the Manager may at any time convene a meeting of Unitholders. The Manager will also convene a meeting if requested in writing by not less than two Unitholders registered as together holding not less than 10.0% of the issued and outstanding Units. Except for annual general meeting where at least 21 days notice of the meeting will be given, at least 14 days' notice of other meetings will be given to the Unitholders and the notice will specify the time and place of the meeting and the resolutions to be proposed.

Two or more Unitholders present in person or by proxy registered as holding not less than 10.0% of the Units for the time being in issue will form a quorum for the transaction of all business, except for the purpose of passing a special resolution. The quorum for passing a special resolution will be two or more Unitholders present in person or by proxy registered as holding not less than 25.0% of the Units in issue. The quorum for an adjourned meeting shall be such number of Unitholders who are present in person or by proxy regardless of the number of Units held by them.

REPORTING AND TRANSPARENCY

Yuexiu REIT will prepare its financial statements in accordance with Hong Kong Financial Reporting Standards with a financial year-end of 31 December and a financial half-year of 30 June. In accordance with the REIT Code, the annual results for Yuexiu REIT will be announced no later than three months following each financial year end and the annual report and financial statements for Yuexiu REIT will be published and sent to Unitholders no later than four months following each financial year-end and the interim results no later than two months following each financial half-year. In addition, Yuexiu REIT aims to provide Unitholders with relevant operational information, such as occupancy levels and utilisation rates of the properties that it holds, along with the publication of such financial results following each financial year-end and financial half-year.

As required by the REIT Code, the Manager will ensure that public announcements of material information and developments with respect to Yuexiu REIT will be made on a timely basis in order to keep Unitholders apprised of the position of Yuexiu REIT.

DISTRIBUTION PAYMENTS

In accordance with the Trust Deed, Yuexiu REIT is required to distribute not less than 90% of Total Distributable Income to Unitholders. The Manager's policy is to distribute to Unitholders 100% of Yuexiu REIT's Total Distributable Income for each of the 2006, 2007 and 2008 financial years and thereafter at least 90% of Yuexiu REIT's annual Total Distributable Income in each subsequent financial year. According to the OC issued to Unitholders dated 30 June 2012, the Manager has intended to distribute to the Unitholders an amount equal to 100% of Yuexiu REIT's Total Distributable Income and Additional Item for the financial year ended from 31 December 2012 to 31 December 2016.

ISSUES OF NEW UNITS POST-LISTING

To minimise the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code. Such provisions require that further issues of Units be first offered on a pro rata pre-emptive basis to existing Unitholders except that Units may be issued: (i) free of such pre-emption rights; (ii) as consideration for the acquisition of additional real estate; and (iii) free of pre-emption rights in other circumstances provided that the approval of Unitholders by way of an ordinary resolution is obtained, provided that the number of Units issued under (i) and (ii) shall not exceed an aggregate maximum in any financial year of 20% of the number of Units in issue at the end of the previous financial year.

The Manager and Yuexiu REIT may issue Units or convertible instruments to a connected person, without the requirement of obtaining Unitholders approval where (i) the connected person receives a pro-rata entitlement in its capacity as a Unitholder; (ii) Units are issued to the Manager to satisfy part or all of the Manager's remuneration or (iii) when Units or convertible instruments are issued to a connected person within 14 days in a place and top up exercise, subject to certain conditions.

INTERESTS OF, AND DEALINGS IN UNITS BY, THE MANAGER AS WELL AS DIRECTORS AND SENIOR MANAGEMENT OF THE MANAGER

To monitor and supervise any dealings of Units by the Directors and their associates, the Manager has adopted a code containing rules on dealings by the Directors and associated parties (“Code Governing Dealings in Units by Directors”) equivalent to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules. Pursuant to this code, Directors wishing to deal in the Units must first have regard to Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct as if these provisions of the SFO applied to the securities of Yuexiu REIT. In addition, there are occasions where Directors cannot deal in the Units even though the requirements of the SFO, if it applied, would not be contravened. A Director must not make any unauthorised disclosure of confidential information or make any use of such information for the advantage of himself or others. The Manager shall be subject to the same disclosure requirements as the Directors, *mutatis mutandis*.

Directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are significant transactions or connected party transactions under the REIT Code or any price-sensitive information must refrain from dealing in the Units as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the REIT Code and any applicable Listing Rules. Directors who are privy to relevant negotiations or agreements or any price-sensitive information should caution those Directors who are not so privy that there may be unpublished price-sensitive information and that they must not deal in Yuexiu REIT’s securities for a similar period.

Interests held by Directors and their associates will be published in the annual and interim reports of Yuexiu REIT. To facilitate this, the Manager has adopted a code containing rules on disclosure of interests by Directors. The Manager shall be subject to the same dealing requirements as the Directors, *mutatis mutandis*.

The above codes may also be extended to senior executives, officers and other employees of the Manager or Yuexiu REIT as the Board may determine.

The Manager has also adopted procedures for monitoring of disclosure of interests by Directors, the chief executive of the Manager, and the Manager. The provisions of Part XV of the SFO are deemed by the Trust Deed to apply to, among other things, the Manager, the Directors and chief executive of the Manager and each Unitholder and all persons claiming through or under him.

Under the Trust Deed, Unitholders with a holding of 5.0% or more of the Units in issue will have a notifiable interest and will be required to notify the Hong Kong Stock Exchange, the Trustee and the Manager of their holdings in Yuexiu REIT. The Manager shall keep a register for these purposes and it shall record in the register, against a person’s name, the particulars provided pursuant to the notification and the date of entry of such record. The said register shall be available for inspection by the public without charge during such hours as the register of Unitholders is available for inspection. In addition, the Manager maintains a website containing all important information concerning Yuexiu REIT. The Manager shall cause copies of all disclosure notices received to be promptly posted to its website.

MATTERS TO BE DECIDED BY UNITHOLDERS BY SPECIAL RESOLUTION

Pursuant to the Trust Deed, decisions with respect to certain matters require specific prior approval of Unitholders by way of special resolution. Such matters include, among other things, removing the Trustee, removing the Manager and approving the termination of Yuexiu REIT.

CONFIRMATION OF COMPLIANCE WITH CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS

Specific enquiry has been made of all Directors and Manager and all of them confirmed they had complied with the required standard set out in the Code Governing Dealings in Units by Directors.

PUBLIC FLOAT

Based on the information that is publicly available as at the date of this report, the Manager reports there was more than 25% of the Units held in public hands as required under the Listing Rules and the REIT Code.

COMPLIANCE WITH COMPLIANCE MANUAL

The Manager has complied with the provisions of its Compliance Manual.

AUDITORS

The financial statements of Yuexiu REIT have been audited by PricewaterhouseCoopers. They have been re-appointed for performing the audit for the financial year ending 31 December 2013.

CONNECTED PARTY TRANSACTIONS

The connected party transaction rules of the REIT Code govern transactions between the Yuexiu REIT Group and its connected persons (as defined in Rule 8.1 of the REIT Code). Such transactions will constitute connected party transactions for the purposes of the REIT Code.

THE MANAGER AND SIGNIFICANT HOLDER GROUP

Set out below is the information in respect of the connected party transactions involving Yuexiu REIT and its connected persons:

LEASING TRANSACTIONS

Certain portions of City Development Plaza, Neo Metropolis, Fortune Plaza and GZIFC have been leased to connected parties (as defined in the REIT Code) of Yuexiu REIT in relation to the Manager ("Manager Group"). Details are as follows:

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2012 Reporting Year (RMB)
City Development Plaza									
Guangzhou Yicheng Property Management Limited ("Yicheng")	1/F	an associate of the Manager	97.0	1 May 2010	485	5	0	3	5,820
Guangzhou City Construction & Development Xingye Property Agent Ltd ("Xingye")	24/F ⁽¹⁾	an associate of the Manager	818.07	1 Feb 2009	81,807	100	0	3	474,479
Xingye	27,28/F	an associate of the Manager	3,688.68	16 Dec 2012	461,085	125	121	5.04	238,014
Guangzhou City Construction and Development Co. Ltd. ("GCCD")	103C	an associate of the Manager	555.54	1 Jan 2012	41,667	75	0	0.92	458,337
Golden Eagle Asset Management Co., Ltd (金鷹基金管理有限公司)	23,23/F	an associate of the Manager	3,688.68	16 Jan 2011	368,868	100	76	5	4,562,314
Sub-total:									5,738,964

- (1) On 1 February 2012, Xingye entered into a lease with Full Estates Investment Limited. In respect of the 24/F of City Development Plaza renewing the existing term for another 0.33 year commencing 1 February 2012 at a monthly rent of RMB120/sq. meter/ month.

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2012 Reporting Year (RMB)
Neo Metropolis									
Guangzhou White Horse Clothings Market Ltd	Basement 2, 3/F	an associate of the Manager	7,621.03	1 Aug 2009	100,000	13	0	3.42	1,200,000
Xingye	East Tower 1104 ⁽¹⁾	an associate of the Manager	127.27	1 Mar 2011	10,818	85	46	3	88,303
Xingye	West Tower 706 ⁽¹⁾	an associate of the Manager	90.98	16 April 2011	8,643	95	30	3	41,758
Sub-total:									1,330,061

- (1) The leasing contracts had already been early terminated on 10 September 2012 in accordance with the related default terms and conditions stipulated therein.

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2012 Reporting Year (RMB)
Fortune Plaza									
Xingye	East Tower 808	an associate of the Manager	188.80	1 Apr 2011	25,488	134	0	2	305,856

Connected Party Transactions

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2012 Reporting Year (RMB)
GZIFC									
GCCD	0601-A	an associate of the Manager	483.15	1 Jan 2012	96,147	199	0	1	264,798
GCCD	0601-G,H	an associate of the Manager	1,592.99	1 Jan 2012	317,005	199	0	1	873,063
GCCD	1501,1601	an associate of the Manager	6,314.48	1 Jan 2012	1,395,500	221	0	1	3,843,344
GCCD	3201-3212	an associate of the Manager	3,292.17	1 Jun 2012	698,499	212	0	1	1,929,006
GCCD	5801-A,04,05,06,07	an associate of the Manager	2,076.8	1 Jun 2012	530,872	256	0	1	1,466,079
GCCD	5801-B,02,03	an associate of the Manager	1,384.53	1 Jun 2012	353,914	256	0	1	977,385
GCCD	6401,6501	an associate of the Manager	6,509.02	1 Jan 2012	1,976,275	304	0	1	5,442,855
GCCD	0440-E,F	an associate of the Manager	1,315.21	1 Jan 2012	209,801	160	0	1	577,836
GCCD	0440-H	an associate of the Manager	479.51	1 Jan 2012	76,494	160	0	1	210,672
Guangzhou GuangZheng Hang Seng Securities Investment Advisory Co., Ltd. (廣州廣證恒生證券投資諮詢有限公司)	6301-C	an associate of the Manager	724.25	1 Jan 2012	235,040	324	0	3	648,504
Guangzhou Grandcity Development Ltd.	1101,1401	an associate of the Manager	6,072.85	1 Jan 2012	1,342,100	221	0	1	3,696,276
Guangzhou Suiqiao Development Co. Ltd. (廣州穗橋發展有限公司)	1701-D	an associate of the Manager	201.17	1 Jan 2012	47,121	234	0	3	130,012
Yicheng	0601-E	an associate of the Manager	46.25	1 Jan 2012	9,333	202	0	3	25,752
Yicheng	1701-E	an associate of the Manager	856.7	1 Oct 2012	198,954	232	0	3	548,939
Yicheng	0440-D	an associate of the Manager	54.8	1 Jan 2012	8,743	160	0	1	24,079
Guangzhou Yue Peng Information Ltd. (廣州越騰信息有限公司)	1701-C	an associate of the Manager	267.09	1 Jan 2012	62,562	234	0	3	172,616
Guangzhou Yue Tong Expressway Operations and Management Company Limited (廣州越通公路運營管理有限公司)	1701-B	an associate of the Manager	261.52	1 Jan 2012	61,257	234	0	3	169,015
Guangzhou Yue Tong Expressway Operations and Management Company Limited (廣州越通公路運營管理有限公司)	0440-A	an associate of the Manager	208.93	1 Jan 2012	33,330	160	0	1	91,793
Guangzhou Yuexiu Industry Investment Management Co., Ltd. (廣州越秀產業投資管理有限公司)	6301-A,E	an associate of the Manager	621.67	1 Jan 2012	201,721	324	0	3	556,574
Guangzhou Yuexiu Industry Investment Management Co., Ltd. (廣州越秀產業投資管理有限公司)	0440-C	an associate of the Manager	61.65	1 Jan 2012	9,836	160	0	1	27,088
廣州越秀金融家俱樂部有限公司	the 27th and 28th floors, North Tower of the annex building	an associate of the Manager	1,865.17	25 Feb 2012	470,023	252	0	3	1,296,852
Guangzhou Yuexiu Finance Holdings Limited (廣州越秀金融投資集團有限公司)	0601-B	an associate of the Manager	225.09	1 Jan 2012	45,423	202	0	3	125,329

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2012 Reporting Year (RMB)
Guangzhou Yuexiu Finance Holdings Limited (廣州越秀金融投資集團有限公司)	6301-B	an associate of the Manager	930.54	1 Jan 2012	296,606	319	0	3	818,373
Guangzhou Yuexiu Finance Holdings Limited (廣州越秀金融投資集團有限公司)	0440-B	an associate of the Manager	51.37	1 Jan 2012	8,196	160	0	1	22,571
Guangzhou Yuexiu Financial Leasing Co., Ltd. (廣州越秀融資租賃有限公司)	6301-D,F	an associate of the Manager	860.73	1 Jun 2012	272,966	317	0	1	753,834
Guangzhou Yuexiu Asset Management Company Limited 廣州證券有限責任公司	3801-3803	an associate of the Manager	842.52	1 Oct 2012	197,992	235	0	2	546,784
廣州證券有限責任公司	0601-C	an associate of the Manager	245.03	1 Jan 2012	49,447	202	0	3	136,430
廣州證券有限責任公司	1901,2001	an associate of the Manager	6,406.78	1 Jan 2012	1,544,785	241	0	3	4,262,255
廣州證券有限責任公司	0440-G	an associate of the Manager	527.45	1 Jan 2012	84,143	160	0	1	231,737
Yuexiu (China) Transport Infrastructure Investment Company Limited Yuexiu (China) Transport Infrastructure Investment Company Limited	0601-F	an associate of the Manager	125.44	1 Jan 2012	25,314	202	0	3	69,844
Yuexiu (China) Transport Infrastructure Investment Company Limited Yuexiu (China) Transport Infrastructure Investment Company Limited	1701-4	an associate of the Manager	1,586.47	1 Jan 2012	371,604	234	0	3	1,025,302
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. (“GZYZJLL”)	Carpark	an associate of the Manager	71,082.79	1 Jul 2012	1,083,333	15	0	1	2,970,429
									Sub-total: 33,935,426
									Total: 41,310,307

PROPERTY MANAGEMENT AGREEMENTS

The following table sets forth information for the year in relation to the property management services provided by the connected parties to the properties of Yuexiu REIT:

Property Manager	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/payable for 2012 Reporting Year (RMB)
White Horse PM	Associate of Manager	White Horse Building	1 Jan 2011	Property Management Agreement	N/A
Yicheng	Associate of Manager	Fortune Plaza	1 Jan 2011	Property Management Agreement	N/A
Yicheng	Associate of Manager	City Development Plaza	19 July 2010	Property Management Agreement	N/A
Yicheng	Associate of Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
Yicheng	Associate of Manager	Neo Metropolis	1 May 2011	Property Management Agreement	N/A
GZYZJLL	Associate of Manager	GZIFC	1 Sep 2009	Property Management Agreement	N/A

Connected Party Transactions

TENANCY SERVICES AGREEMENTS

The following table sets forth information for the year in relation to the tenancy services provided by the connected parties to the properties of Yuexiu REIT:

Service provider	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2012 Reporting Year (RMB)
White Horse PM	Associate of Manager	White Horse Building	1 Jan 2011	Tenancy Services Agreement	9,490,683
Yicheng	Associate of Manager	Fortune Plaza	1 Jan 2011	Tenancy Services Agreement	2,483,443
Yicheng	Associate of Manager	City Development Plaza	1 Jan 2011	Tenancy Services Agreement	2,097,902
Yicheng	Associate of Manager	Victory Plaza	1 Jan 2011	Tenancy Services Agreement	2,240,201
Yicheng	Associate of Manager	Neo Metropolis and Fortune Plaza 1701	1 Jan 2011	Tenancy Services Agreement	2,134,706
GZAM	Associate of Manager	GZIFC	8 Oct 2012	Tenancy Services Agreement	2,122,123

TRADE MARK LICENCE AGREEMENTS

The following table sets forth information for the year in relation to the trade mark licences granted by the connected parties to Yuexiu REIT:

Grantor	Relationship with Yuexiu REIT	Nature of Property	Transaction	Amount paid/ payable for 2012 Reporting Year	Licence Period
White Horse PM	Associate of Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	1 January 2007 to 27 November 2016 and 30 January 2017
Yue Xiu	Associate of Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

NAMING RIGHTS AGREEMENT

The following table sets forth information for the year in relation to the naming rights granted by Yuexiu REIT to the connected parties:

Naming Party	Relationship with Yuexiu REIT	Nature of Property	Transaction	Amount paid/ payable for 2012 Reporting Year (RMB)	Naming Rights Period
YXP	Major Unitholder	GZIFC	naming rights	10,000,000	1 July 2012 to 31 December 2014

CONSTRUCTION SETTLEMENT AGENCY AGREEMENT

The following table sets forth information for the year in relation to the prepaid engineering settlement amount by Yuexiu REIT to the connected parties and the interest charged on the balance of engineering settlement amount:

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Transaction	Amount received/ receivable for 2012 Reporting Year (RMB)
GCCD	an associate of the Manager	4 May 2012	interest on the balance of construction settlement amount	22,129,236 ⁽¹⁾

(1) It took place between 9 October 2012 and 31 December 2012.

GUARANTEE FROM FOUNDING SHAREHOLDERS

Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. has an existing syndicated development loan of RMB4.5 billion guaranteed jointly and severally by Guangzhou City Construction and Development Co., Ltd. (廣州市城市建設開發有限公司), Guangzhou Xianggang Property Development Co., Ltd. (廣州市祥港房地產開發有限公司) and Guangzhou City Construction and Development Group Co., Ltd. (廣州市城市建設開發集團有限公司) in the proportion of 75%, 24% and 1% respectively with an effective period expiring on the date two years after full repayment of the existing syndicated development loan.

WAIVER FROM STRICT COMPLIANCE

A waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of the existing leasing transactions of Yuexiu REIT, the existing property management arrangement and the tenancy services agreement of the existing properties, together with the new leasing transaction, the new property management arrangement and the new tenancy services agreement, as mentioned above, between the Group and persons which are connected with Yuexiu REIT as a result of their connection with the Manager has been granted by the SFC on 20 July 2012, subject to annual limitation as to the capped value of such transactions, review by the auditors for each relevant financial period, annual review by the Audit Committee and the independent non-executive directors ("INED") and other terms and conditions. For detailed terms and conditions of the waiver, please refer to the circular dispatched to Unitholders on 30 June 2012.

Connected Party Transactions

HSBC GROUP*

(*Note: "HSBC Group" means The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and its subsidiaries and, unless expressly stated, shall not include the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee except those subsidiaries formed in its capacity as the trustee of Yuexiu REIT)).

LEASING TRANSACTIONS

Certain portions of the Fortune Plaza have been leased to members of the HSBC Group. Details are as follows:

Tenant	Location of unit (sq.m.)	GFA	Lease commencement date (RMB)	Monthly rent	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income for the 2012 Interim Period (RMB)
HSBC Software Development (Guangdong) Limited ("HSBC Software")	4th storey(1)	4,275.1	1 Feb 2011	448,886	105	0	1.5	3,142,199
	5th storey(1)	4,275.1	1 Feb 2011	448,886	105	0	1.5	3,142,199
	3rd storey(2)	2,000.0	1 Dec 2011	210,000	105	0	1.5	630,000
Total:								6,914,398

(1) The lease contract expired in July 2012.

(2) The lease contract terminated in April 2012.

ORDINARY BANKING SERVICES

The following table sets forth information for the period in relation to the ordinary banking services made between the HSBC Group and Yuexiu REIT within the period:

Nature of transaction	Date of agreement	Principal amount	Amount of fees paid/ payable within the 2012 Reporting Year	Amount of interest paid/ payable within the 2012 Reporting Year
Loan ¹	26 September 2011	HK\$310 million	RMB450,000	RMB5,804,000

1 HSBC was one of the lending banks and acted as the agent and security agent for the lending bank.

REIT Holdco, Partat, Keen Ocean, Full Estates, Moon King and Metrogold Development Ltd ("Metrogold") have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the 2012 Reporting Year.

WAIVER FROM STRICT COMPLIANCE

A waiver from strict compliance with the disclosure requirement and Unitholders' approval under Chapter 8 of the REIT Code in respect of the transactions with connected persons of the Trustee has been granted by the SFC on 8 December 2005 subject to specific caps on fees payable by Yuexiu REIT for corporate finance services, review by the auditors for each relevant financial period, annual review by the Audit Committee and the INEDs and other terms and conditions. Details of the Waiver and its terms and conditions have been published in the Offering Circular.

CONFIRMATION BY THE AUDIT COMMITTEE AND THE INEDS

The INEDs and the Audit Committee of the Manager confirm that they have reviewed the terms of all relevant connected party transactions including those connected party transactions with the Manager Group and the HSBC Group and that they are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Yuexiu REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to or from Yuexiu REIT than terms available from or to (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement and the Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

CONFIRMATION BY THE MANAGER AND TRUSTEE ON CORPORATE FINANCE TRANSACTION WITH THE HSBC GROUP

Both the Manager and the Trustee have confirmed that there is no corporate finance transaction nor other connected transaction (save for those disclosed above) with the HSBC Group during the 2012 Reporting Year.

CONFIRMATION BY YUEXIU REIT EXTERNAL AUDITORS

Yuexiu REIT's external auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in page 86 to page 94 of the Annual Report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Manager to The Stock Exchange of Hong Kong Limited.

MANAGER'S FEES

During the 2012 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB49,756,000, of which the payment of approximately RMB32,550,000 were settled by the issuance of 9,176,630 new Units.

Connected Party Transactions

TRUSTEE'S FEES

During the 2012 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB3,453,000.

PRINCIPAL VALUER'S FEES

During the 2012 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Principal Valuer was RMB470,000.

INTERESTS HELD BY THE MANAGER AND ITS DIRECTORS AND CHIEF EXECUTIVE OFFICER

The REIT Code requires that connected persons of Yuexiu REIT shall disclose their interests in Units. In addition, under the provisions of Part XV of the SFO, the Trust Deed is also deemed to be applicable, among other things, to the Manager, the Directors and the Chief Executive of the Manager.

The interests and short positions held by Directors and Chief Executive Officer of the Manager in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed are set out below:

Interests and Short Positions in the Units:

Name of Director	Nature of Interest	As at 1 January 2012		As at 31 December 2012		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Liang Ningguang ¹	—	Nil	—	Nil	—	—
Mr. Liu Yongjie ²	—	Nil	—	Nil	—	—
Mr. Li Feng	—	1,825	0.000171%	1,825	0.000067%	(0.000104%)
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Lee Kwan Hung, Eddie	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—

1 Mr. Liang is also a director of Yue Xiu and therefore Yue Xiu is deemed to be an associate of Mr. Liang under Rule 8.1 of the REIT Code. Accordingly, the holdings of Yue Xiu as disclosed in "Holdings of Significant Holders" are deemed to be the holdings of Mr. Liang.

2 Mr. Liu is also the Chief Executive Officer of the Manager.

HOLDINGS OF SIGNIFICANT HOLDERS

The following persons have interests or short position in the Units required to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed:

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2012		As at 31 December 2012		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Guangzhou Yuexiu Holdings Limited ("GZYX") ¹	Deemed	388,514,767	36.45%	1,706,387,315 ³	62.20% ⁴	25.75%
	Total	388,514,767	36.45%	1,706,387,315 ³	62.20% ⁴	25.75%
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Beneficial	27,320	0%	27,320	0%	—
	Deemed	388,487,447	36.45%	1,706,359,995 ³	62.20% ⁴	25.75%
	Total	388,514,767	36.45%	1,706,387,315 ³	62.20% ⁴	25.75%
YXP ²	Beneficial	—	—	—	—	—
	Deemed	379,253,182	35.58%	1,697,125,730 ³	61.87% ⁴	26.29%
	Total	379,253,182	35.58%	1,697,125,730 ³	61.87% ⁴	26.29%
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	379,253,182	35.58%	1,697,125,730 ³	61.87% ⁴	26.29%
	Deemed	—	—	—	—	—
	Total	379,253,182	35.58%	1,697,125,730 ³	61.87% ⁴	26.29%

1 Further information in relation to interests of corporations controlled by GZYX:

Connected Party Transactions

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares Long Position	Short Position
Yue Xiu	GZYX	100.00	Y	27,320	—
	GZYX	100.00	N	1,706,359,995 ³	—
Excellence Enterprises Co., Ltd.	Yue Xiu	100.00	N	1,705,060,765 ³	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	N	1,697,125,730 ³	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	Y	5,698,282	—
YXP	Bosworth International Limited	33.99	N	1,697,125,730 ³	—
Dragon Yield	YXP	100.00	Y	1,697,125,730 ³	—
Sun Peak Enterprises Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	1,414,207	—
Novena Pacific Limited	Sun Peak Enterprises Ltd.	100.00	Y	1,414,207	—
Shine Wah Worldwide Limited	Excellence Enterprises Co., Ltd.	100.00	N	395,122	—
Morrison Pacific Limited	Shine Wah Worldwide Limited	100.00	Y	395,122	—
Perfect Goal Development Co., Ltd.	Excellence Enterprises Co., Ltd.	100.00	N	339,342	—
Greenwood Pacific Limited	Perfect Goal Development Co., Ltd.	100.00	Y	339,342	—
Seaport Development Limited	Excellence Enterprises Co., Ltd.	100.00	N	88,082	—
Goldstock International Limited	Seaport Development Limited	100.00	Y	88,082	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,299,230	—

- 2 The deemed interest in 1,697,125,730 Units were held through Dragon Yield, a 100% owned subsidiary.
- 3 The number of units includes 733,280,494 deferred units. Commencing from 31 December 2016, Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to Yuexiu Property (or YXP Nominee) at an issue price of HK\$4.00 per unit. Further details are included in the circular dated 30 June 2012 and announcement dated 27 September 2012 of Yuexiu REIT.
- 4 After deducting the unissued deferred units, the approximate interest held by GZYX and Yue Xiu will be approximately 35.47%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 35.14%.

HOLDINGS OF OTHER CONNECTED PERSONS

Senior Executives of the Manager

Interests in the Units held by senior executives of the Manager, being connected persons of Yuexiu REIT, are set out below:

Name of Senior Executive	Nature of interest	As at 1 January 2012		As at 31 December 2012		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Liao Ningjuan	Personal	1,250	0.000117%	1,250	0.000046%	(0.000071%)
Ms. Chen Huiqing	Personal ¹	510	0.000048%	510	0.000019%	(0.000029%)
Ms. Ou Haijing	Personal	1,000	0.000094%	1,000	0.000036%	(0.000058%)
Mr. Liu Bihong	Personal	225	0.000021%	225	0.000008%	(0.000013%)
Mr. Po Ping Wah, Alain	Personal	—	—	4,000	0.000146%	0.000146%

1 255 units held by spouse

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including the Trustee and Savills holding any Units as at 31 December 2012.

UNIT OPTIONS

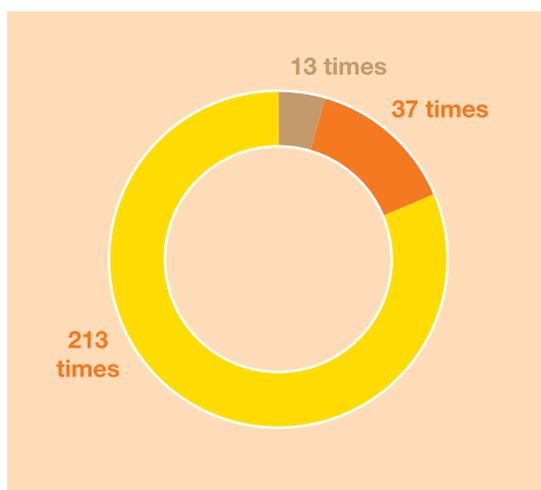
During the 2012 Reporting Year, Yuexiu REIT or any of its controlled entities was not a party to any arrangements enabling the Directors of the Manager (including, their spouses and children under 18 years of age) to benefit through acquiring the Units in Yuexiu REIT or any fund units of other legal entities or any derivatives of equities.

INVESTOR RELATIONS

Over the years, the Group has been endeavouring to enhance the quality and standard of investor relations by strengthening the smooth and timely communication of information between the Company and investors to elevate the investing public's in-depth understanding of the Trust, and establish the Trust's good market image.

PROMOTION ACTIVITIES

In 2012, with the injection of GZIFC into Yuexiu REIT, attention of capital markets on the Trust was raised to a historical high level while we also significantly strengthened our efforts in investor relations by fully taking advantage of the various means of investor communication channels, such as the improvement of web site construction, roadshows, investment seminars held by investment banks, conference calls and on-site visits to investment projects, to enhance the investing public's understanding of the Trust. During the year, the Group's management and the investor relations team participated in a total of 13 large-scale investment seminars held by investment banks, 213 one-on-one meetings and 37 on-site visits to our projects. In the transaction with respect to GZIFC, we enhanced communication with many Unitholders, including private investors. Eventually, the transaction was approved by a wide margin at the extraordinary general meeting of the Unitholders.



- Large-scale investment seminars
- On-site visits to projects
- One-on-one meetings

MAJOR INVESTOR RELATIONS ACTIVITIES IN 2012

Month	Place	Activities
January	Hong Kong	Joined the Asia-Pacific Real Estate and Finance Seminar organized by Macquarie
February	Hong Kong	Held the analyst meeting and the press conference for the 2011 annual results announcement
	Hong Kong	Participated in the 2011 annual results roadshow conference organized by J.P. Morgan Chase/Goldman Sachs
	Singapore	Participated in the 2011 annual results roadshow conference organized by Morgan Stanley/Standard Chartered
	Shanghai	Participated in the 2011 annual results roadshow conference organized by Bank of China International
March	Singapore	Participated in the Asia-Pacific Real Estate Seminar organized by J.P. Morgan Chase
April	Hong Kong	Participated in the Asia-Pacific Real Estate Association Investors' Conference organized by Macquarie
May	Hong Kong	Joint Announcement by Yuexiu REIT and Yuexiu Property on the Guangzhou International Finance Center transaction
June	Beijing	Participated in the Seminar on China organized by J.P. Morgan Chase
	Hong Kong	Issuance of the circular on the Guangzhou International Finance Center transaction
July	Hong Kong	Held the analyst meeting and the press conference for the 2012 interim results announcement
	Hong Kong, Japan, Beijing, Shanghai and Europe	Participated in the roadshow conference jointly organized by Bank of China International, Goldman Sachs, J.P. Morgan Chase, Morgan Stanley and Standard Chartered Bank
August	Beijing	Participated in the roadshow conference on 2012 interim results organized by Bank of China International
	Japan	Participated in the roadshow conference on 2012 interim results organized by Mizuho Securities Asia
September	Hong Kong	Participated in the investors' seminar organized by Sunwah Kingsway
	Hong Kong	Participated in the real estate investment trust conference organized by Daiwa Capital

Investor Relations

Month	Place	Activities
October	Hong Kong	Joint announcement of the completion of the Guangzhou International Finance Center transaction
November	Macau	Participated in the 2012 Greater China Investors' Seminar organized by Citibank
	Beijing	Participated in the annual investors' seminar organized by Bank of America Merrill Lynch ("BAML")
	Singapore	Participated in the investors' summit organized by Morgan Stanley
	Hong Kong	Participated in the China and Hong Kong Real Estate Enterprises Day organized by CLSA
	Hong Kong	Participated in the 8th Hong Kong and China Seminar organized by CIMB Securities
December	Tokyo	Participated in the investment summit organized by Nomura Securities
	Hong Kong	Participated in the Greater China Real Estate Enterprise Day organized by BAML
	Australia	Participated in the 2012 interim results roadshow conference organized by BAML

ANALYSIS COVERAGE

With continuous and steady growth of the Trust's business, in particular with the injection of the GZIFC, the capital market was increasingly interested in the performance of the Trust in 2012. A number of securities institutions successively published study reports on the Trust during the year. 9 securities institutions analysed the Company in 2012, and the number of study reports increased from 20 to 22, most of which recommended the rating of "Buy in", indicating that the analysts were optimistic about the future development prospects of the Trust.

AWARDS

The Group is the first Hong Kong listed real estate investment trust with properties all located in the PRC. By leveraging on its good corporate governance, bright development prospects and professional efforts in investor relations, the Trust was rated as "Year 2012-The Best Real Estate Investment Trust" by Capital Weekly in August, awarded "The Excellence of Listed Enterprise Awards 2012 by "Capital Weekly" in October, the award of "Mature Markets Merit Award-Accounting and Financial Reporting" in 2012 awarded by Asia-Pacific Real Estate Association Limited (APREA) in October, and the award of "Hong Kong Outstanding Enterprises" by "Economic Digest" in December during 2012. These awards demonstrated that the Trust has won the confirmation and recognition of capital markets in Hong Kong and the Asia-Pacific, which is favourable for the Group to enhance its brand image.

PROSPECT

With continuous and steady development of the Group's business, the Group will attract more attention from investors. We will continue to increase our efforts in investor relations campaign on existing basis and strengthen communication and contact with investors continuously, so as to enable more investors to gain further in-depth understanding of the Trust. Meanwhile, the management will also be able to have a better understanding on investors' opinions and requests, so as to further enhance our corporate governance level, and achieve continuous improvement in the value of our Group and enhancement of unitholders' value.

PROPERTY VALUATION REPORT

Yuexiu REIT Asset Management Limited (“Manager”)

24th Floor

Yue Xiu Building

Nos. 160-174 Lockhart Road

Wanchai

Hong Kong

HSBC Institutional Trust Services (Asia) Limited (“Trustee”)

17th Floor, Towers 2 & 3

HSBC Centre

No. 1 Sham Mong Road

Kowloon

Hong Kong

13 March 2013

Dear Sirs,

RE: VARIOUS UNITS OF THE FOLLOWING PROPERTIES (THE “PROPERTIES”) HELD BY YUEXIU REAL ESTATE INVESTMENT TRUST (“YUEXIU REIT”) LOCATED IN GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE’S REPUBLIC OF CHINA (THE “PRC”)

- **GUANGZHOU INTERNATIONAL FINANCE CENTER**
- **WHITE HORSE BUILDING**
- **FORTUNE PLAZA**
- **CITY DEVELOPMENT PLAZA**
- **VICTORY PLAZA**
- **YUE XIU NEO METROPOLIS PLAZA**

In accordance with your instructions for us to value the Properties, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 December 2012 (the “Date of Valuation”) for annual accounting purpose.

Our valuation of the Properties is our opinion of its market value which we would define as “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Property Valuation Report

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the Properties for their specific terms at nominal annual land use fees have been granted and that any premium payable have already been fully settled. We have also assumed that, unless otherwise stated, the owner of the Properties has proper legal titles and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the terms as granted.

We have been provided with extracts of some title documents relating to the Properties. However, we have not searched the original documents to ascertain the existence of any amendments which may not appear on the copy handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Manager and accepted advice on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the authenticity and accuracy of the information provided. We are also advised by the Manager that no material facts have been omitted from the information supplied.

We have inspected the Properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the Properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Our valuation is prepared in accordance with paragraph 6.8 of the Code on Real Estate Investment Trusts ("REIT Code") issued by the Securities and Futures Commission of Hong Kong Code and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors. We confirm that we meet the criteria under paragraph 6.4 and Practice Note Nos. 17 and 25 of the REIT Code. We are independent of Yuexiu REIT, the trustee and the manager and each of the significant shareholders of the scheme within the meaning of paragraph 6.5 of the REIT Code.

Neither the whole nor any part of this valuation report nor any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this valuation certificate is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Unless otherwise stated, all monetary amounts stated in this report are denoted in Renminbi ("RMB"), the lawful currency of the PRC.

Our valuation report is enclosed herewith.

Yours faithfully,

For and on behalf of

Savills Valuation and Professional Services Limited

Charles C K Chan

MSc FRICS FHKIS MCIArb RPS(GP)

Managing Director

Note: Charles C K Chan is a Chartered Estate Surveyor and has about 29 years' experience in the valuation of properties in Hong Kong and 24 years' experience in the valuation of properties in the PRC.

1. BASIS OF VALUATION

Our valuations have been carried out in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors. Our valuations are made on the basis of “market value” which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller on an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. We have valued the Properties in their existing states based on the assumption that the Properties can be freely transferred, mortgaged or let out in the prevailing market and all proper title certificates have been obtained and all land-use rights grant premium have been fully settled.

2. VALUATION APPROACH

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties. In the course of our valuation, we have principally adopted both Income Capitalization Approach and Discounted Cash Flow Method (“DCF”).

2.1. INCOME CAPITALIZATION APPROACH

Income capitalization approach estimates the values of the Properties on a market value basis by capitalization net rental income on a fully let basis having regards to the current passing rental income from existing tenancies and potential future reversionary income at market level. In calculating the net rental income, no deduction has been made from the net passing rental income which is exclusive of property management fee. In this valuation method, the assessment is divided into current passing rental income over existing lease terms (the “term value”), and potential future reversionary rental income (the “reversionary value”). The term value assessments involve capitalization of current passing rental income over the existing lease terms; whilst the reversionary value assessments are taken to be current market rental income upon lease expiry and are capitalized on fully let basis and discounted back to the Date of Valuation. In this approach, we have considered the appropriate term yields and reversionary yields for each property. The term yields are used for capitalization of the current passing rental income as at the Date of Valuation; whilst the reversionary yields are adopted to convert reversionary rental income.

2.2. DCF

DCF is commonly applied when adopting the income method of valuation which takes “time value of money” into account and evaluates the value of an investment by arriving at a total net present value. The net present value of an investment is the value in current date of all present and future cash flows discounted at appropriate discount rate to reflect the opportunity cost, which reflects the returns available on investing in an alternative investment of equal timing and risk, and inflation of those cash flows; whilst the total net present value is the aggregate net cash flow of each period discounted at the same. Our DCFs are carried out on yearly basis over either a 5-year or a 10-year investment horizon depending on the types of property. In arriving at our opinion of values from DCF, we have made projections for either a 5-year or a 10-year cash flow from the Date of Valuation, and the anticipated net income of each income stream receivable thereafter is summed at a flatted growth rate in present value to reflect the future net income growth beyond the years. The method is based on the assumption of a cash purchase, and no allowance has been made for interest and/or any other kinds of funding costs.

3. VALUATION ASSUMPTIONS

Our valuations are subject to the following caveats and assumptions:

- 3.1. Inspections to the exterior and interior of the Properties have been carried out; but no test was carried out on any structure of the Properties.
- 3.2. We assume no responsibility for legal matters nor do we render any opinion as to the titles of the Properties which are assumed to be good and marketable. We are not aware of any easements or rights of way affecting the Properties and our valuations assume that none exists.
- 3.3. We have assumed that the Properties have been constructed, occupied and used in full compliance with, and without contravention of, all ordinances and regulations, except only where otherwise stated. We have further assumed that, for any use of the subject properties upon which this report is based, any and all required licenses, permits, certificates, and authorizations have been obtained, except only where otherwise stated.
- 3.4. Our valuations have been made on the assumption that the Properties can be sold in the prevailing market without the benefit of any deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which may serve to affect the values of the Properties. In addition, no forced sale situation in any manner is assumed in our valuations.

Property Valuation Report

- 3.5. No account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Properties, and no allowance has been made for the Properties to be sold to a single party and/or as a portfolio or portfolios.
- 3.6. Having examined all relevant documentation, we have relied to a considered extent on the information given by the Manager, particularly in respect of planning approvals or statutory notices, land-use rights, site and floor areas, occupancy status, rent rolls, age and specifications of buildings as well as in the identification of the Properties.
- 3.7. We have not carried out detailed on-site measurements to verify the correctness of the site and floor areas in respect of the Properties but we have assumed that the site and floor areas shown on the documents handed to us are correct and accurate.
- 3.8. Based on our experience of valuations of similar properties in the PRC, we consider that the assumptions so made are reasonable.
- 3.9. The study of possible alternative development options and the related economics are not within the scope of this report.

4. SUMMARY OF VALUES

A summary of our opinion of the market value of each of the Properties as at the Date of Valuation is tabulated as follows:

No.	Property	Market Value as at 31 December 2012
1.	Guangzhou International Finance Center	RMB15,512,000,000
2.	White Horse Building	RMB3,855,000,000
3.	Fortune Plaza	RMB780,000,000
4.	City Development Plaza	RMB648,000,000
5.	Victory Plaza	RMB782,000,000
6.	Yue Xiu Neo Metropolis Plaza	RMB749,000,000

Part A – Valuation of the Guangzhou International Finance Center, No. 5 Zhujiang West Road, Tian He District, Guangzhou, Guangdong Province, the PRC (the “Property”)

1. SUMMARY OF THE PROPERTY

According to the information supplied by the Manager, a total number of 380 Certificates of Building Ownership have been issued in respect of the Property. Details of the Property are tabulated as follows:

- | | |
|-----------------------------------|---|
| a. Property Description | Guangzhou International Finance Center is a comprehensive development comprising a shopping mall, office, serviced apartment, a 5-star hotel and 1,679 below-ground car parking spaces |
| b. Type of land use rights | Granted |
| c. Land use | Land use of the underlying land of the Property is described as “Residential, commercial, tourism & entertainment, and other uses” |
| d. Land use rights term | Residential
70 years from 23 June 2008

Commercial, tourism & entertainment
40 years from 23 June 2008

Other uses
50 years from 23 June 2008 |
| e. Registered owner | Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. (廣州越秀城建國際金融中心有限公司) |
| f. Gross floor area | Office - 183,539.65 sq.m.
Hotel - 89,198.83 sq.m.
Retail - 46,989.16 sq.m.
Serviced apartment - 51,102.26 sq.m.
Car park - 71,082.79 sq.m.
Ancillary facilities - 15,443.99 sq.m.
Total: 457,356.68 sq.m. |
| g. Gross rental area | Office - 183,539.65 sq.m.
Hotel - 89,198.83 sq.m.
Retail - 46,727.30 sq.m.
Serviced apartment - 51,102.26 sq.m.
Car park - 71,082.79 sq.m.
Total: 441,650.83 sq.m. |

2. LOCATION AND ENVIRONMENT

2.1 LOCALITY AND LAND-USE

Guangzhou International Finance Center, a comprehensive development comprising a shopping mall, office, serviced apartment, a 5-star hotel and 1,679 below-ground car parking spaces, is located at No. 5 Zhujiang West Road, Tian He District, Guangzhou, Guangdong Province, the PRC. The Property is at the centre of the uprising central business district in Guangzhou, namely Zhujiang New Town (“ZJNT”).

The Property is situated in Tian He District which is a rapidly developing area in Guangzhou and is the present focus of new Grade A office developments. According to the State-owned Land Use Rights Certificate, the land-use of the underlying land use rights of the Property is described as “Residential, commercial, tourism & entertainment and other uses”.

2.2 SURROUNDING DEVELOPMENT AND ENVIRONMENTAL ISSUES

ZJNT is bounded by Hungpu Avenue to the north, the Pearl River to the south, Guangzhou Avenue to the west and the South China Expressway to the east. It has a total site area of approximately 6.4 sq.km. with a 1.4 sq.km. area that is home to 39 buildings with a total gross floor area of approximately 4.6 million sq.m. in the western part of ZJNT having been identified by the government as the financial business district (“ZJNT CBD”). Together with Tian He North, ZJNT forms the Guangzhou Tian He CBD.

Surrounding developments in the locality are dominated by high-rise comprehensive commercial/office developments. The pedestrian flow along this section of Zhujiang West Road is average. We have no knowledge of any environmental concerns or contamination of the subject site and surrounding areas. Due to the land registration system in the PRC, we cannot trace any information regarding previous developments erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2.3 ACCESSIBILITY

General accessibility to the Property is good as public transportation facilities such as taxis and buses are available along Zhujiang West Road. The Property has an access to the Zhujiang New Town Station of both Subway Line Nos. 3 and 5. The Property is within in a short walking distance from the Hua Chen Guang Chang Station (花城廣場站) of Automated People Mover.

3. PROPERTY DESCRIPTION

Guangzhou International Finance Center is a landmark mixed-use premium grade commercial property featuring one of the ten tallest skyscrapers in the world. It was completed in both 2010 and 2011. It comprises premium Grade A offices, a high-end shopping mall, a 5-star hotel operated by the Four Seasons Group, luxury serviced apartment operated by Ascott as well as 1,679 below-ground car parks and other ancillary facilities areas. The main entrance of the Property abuts Zhujiang West Road. The Property comprises the following:

Retail

The shopping mall occupies 6 floors of the podium and has a total gross floor area of approximately 46,989.16 sq.m. including a staff canteen of approximately 2,698.93 sq.m. on Level 4. It has been master leased to Guangzhou Friendship Department Store for a term of 15 years since 31 May 2010. It commenced operation in November 2010.

Office

The office portion of the Property has a total gross floor area of approximately 183,539.65 sq.m. and comprises Levels 4 to 65 of the Property's main tower and a Financier's Club House on Levels 27 and 28, North Tower of the annex building. It was completed and commenced operation in June 2011.

Hotel

It comprises 344 guest rooms as well as conference facilities, a fitness centre, and other amenities such as spa facilities, a swimming pool and restaurants. It is located on Levels 68 to 100 of the Property's main tower and Levels 1 to 5 of the podium (portion). The hotel has a total gross floor area of approximately 89,198.83 sq.m.. It is currently operated by the Four Seasons Group and under the trade name of "Four Seasons Hotel Guangzhou".

Serviced apartment

The serviced apartment portion of the Property is located on Levels 6 to 28 of the Property's annex building with a total number of 314 units. It has a total gross floor area of approximately 51,102.26 sq.m. including a club house of approximately 2,866.96 sq.m.. It is currently operated under the trade name of "Ascott IFC Guangzhou".

Car park and other ancillary areas

There are a total number of 1,679 under-ground car parking spaces. Total gross floor areas of both car park and ancillary areas are approximately 71,082.79 sq.m. and 15,443.99 sq.m. respectively. They were completed and commenced operations in July 2011.

Property Valuation Report

According to the information provided by the Manager, the Property has a total gross floor area of approximately 457,356.68 sq.m. Summary of breakdown floor areas and uses of the Property is as follows:

Level	Use	Gross Floor Area (sq.m.)
Basements 2 to 4	Car parking spaces	71,082.79
Basement 1 and Levels 1 to 5	Retail	46,989.16
Levels 4 to 65 of the Main Tower and Levels 27 & 28 of the Annex Block	Office	183,539.65
Levels 68 to 100 of the Main Tower and Levels 1 to 5 of the podium	Hotel	89,198.83
Levels 6 to 28 of the Annex Block	Serviced apartment	51,102.26
Various floors	Ancillary facilities including refuge floors for office and hotel portions	15,443.99
	Total	457,356.68

The Property is constructed of reinforced concrete with glass curtain walls and is decorated with marble walls and floorings in the common areas. The Property is equipped with central air-conditioning system and raised floors. Main services of the Property comprise electricity, water and telecommunications.

The standard of services and finishes within the Property is considered to be good.

4. OWNERSHIP

4.1 PORTION OF INTERESTS HELD BY YUEXIU REIT

Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. (廣州越秀城建國際金融中心有限公司) holds the building ownership and the details of the interest are listed below:

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
401	2,844.29	1,922.58
501	2,868.01	1,943.28
601	2,890.21	1,963.26
701	248.31	147.50
702	237.05	140.82
703	237.04	140.81
704	248.26	147.48
705	248.26	147.48
706	237.05	140.81
707	237.11	140.85
708	248.29	147.50
709	248.30	147.50
710	237.07	140.83
711	237.08	140.83
712	248.32	147.51
801	249.72	148.85
802	239.14	142.55
803	239.16	142.56
804	249.66	148.82
805	249.70	148.84
806	239.13	142.54
807	239.21	142.59
808	249.70	148.84
809	249.70	148.84
810	239.17	142.57
811	239.18	142.57
812	249.73	148.86
901	251.15	150.19
902	241.08	144.17
903	241.10	144.18
904	251.09	150.15

Property Valuation Report

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
905	251.14	150.18
906	241.07	144.17
907	241.16	144.22
908	251.13	150.18
909	251.13	150.18
910	241.12	144.19
911	241.13	144.20
912	251.16	150.20
1001	252.52	151.47
1002	242.95	145.73
1003	242.96	145.74
1004	252.46	151.44
1005	252.51	151.47
1006	242.94	145.72
1007	243.02	145.77
1008	252.50	151.46
1009	252.50	151.46
1010	242.98	145.75
1011	242.99	145.76
1012	252.53	151.48
1101	2,991.38	1,869.24
1401	3,071.42	2,113.31
1501	3,141.03	2,125.30
1601	3,156.79	2,143.86
1701	3,170.19	2,142.22
1801	3,182.72	2,152.89
1901	3,194.35	2,163.04
2001	3,205.08	2,172.36
2101	3,214.90	2,180.91
2201	1,863.49	1,170.63
2202	301.95	189.68
2203	1,144.63	719.04
2301	535.50	324.56
2302	535.50	324.56
2303	535.50	324.56
2304	535.50	324.56

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
2305	535.50	324.56
2306	535.50	324.56
2401	534.96	325.64
2402	534.89	325.59
2403	534.80	325.54
2404	534.80	325.54
2405	534.90	325.60
2406	534.96	325.63
2501	535.91	327.92
2502	535.90	327.91
2503	535.91	327.92
2504	535.90	327.91
2505	535.90	327.91
2506	535.92	327.92
2601	544.26	329.31
2602	544.24	329.30
2603	544.26	329.31
2604	544.25	329.30
2605	544.24	329.30
2606	544.26	329.31
2701	545.02	329.97
2702	544.95	329.92
2703	544.94	329.92
2704	544.93	329.91
2705	544.96	329.92
2706	545.03	329.97
2801	545.62	330.48
2802	545.51	330.41
2803	545.48	330.39
2804	545.46	330.38
2805	545.50	330.41
2806	545.63	330.48
2901	540.62	330.79
2902	540.61	330.78
2903	540.62	330.79
2904	540.61	330.78

Property Valuation Report

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
2905	540.60	330.78
2906	540.63	330.79
3201	275.12	166.00
3202	273.52	165.03
3203	273.52	165.03
3204	275.12	166.00
3205	275.12	166.00
3206	273.64	165.10
3207	273.50	165.02
3208	275.20	166.05
3209	275.20	166.05
3210	273.55	165.05
3211	273.57	165.06
3212	275.12	166.00
3301	274.77	165.93
3302	273.13	164.95
3303	273.13	164.95
3304	274.77	165.93
3305	274.77	165.93
3306	273.16	164.96
3307	273.14	164.95
3308	274.77	165.94
3309	274.77	165.94
3310	273.13	164.95
3311	273.14	164.95
3312	274.77	165.93
3401	274.62	165.80
3402	272.92	164.77
3403	272.92	164.77
3404	274.61	165.80
3405	274.61	165.80
3406	273.00	164.82
3407	272.86	164.74
3408	274.61	165.80
3409	274.61	165.80
3410	272.91	164.77

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
3411	272.93	164.78
3412	274.62	165.80
3501	279.18	165.63
3502	277.27	164.49
3503	277.27	164.49
3504	279.16	165.62
3505	279.16	165.62
3506	277.35	164.55
3507	277.22	164.46
3508	279.19	165.63
3509	279.19	165.63
3510	277.27	164.50
3511	277.29	164.51
3512	279.18	165.63
3601	283.16	165.35
3602	281.15	164.18
3603	281.15	164.18
3604	283.26	165.41
3605	283.26	165.41
3606	281.23	164.23
3607	281.09	164.15
3608	283.15	165.35
3609	283.15	165.35
3610	281.10	164.15
3611	281.12	164.16
3612	283.16	165.35
3701	282.81	165.04
3702	280.67	163.79
3703	280.63	163.77
3704	282.91	165.10
3705	282.91	165.10
3706	280.75	163.84
3707	280.64	163.77
3708	282.81	165.04
3709	282.80	165.03
3710	280.56	163.73

Property Valuation Report

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
3711	280.60	163.75
3712	282.81	165.04
3801	282.40	164.67
3802	280.06	163.31
3803	280.06	163.31
3804	282.50	164.73
3805	282.50	164.73
3806	280.14	163.35
3807	280.01	163.28
3808	282.39	164.67
3809	282.39	164.67
3810	280.01	163.28
3811	280.03	163.29
3812	282.40	164.67
3901	281.92	164.24
3902	279.42	162.78
3903	279.35	162.74
3904	282.01	164.29
3905	282.02	164.30
3906	279.49	162.82
3907	279.36	162.75
3908	281.92	164.24
3909	281.90	164.23
3910	279.29	162.71
3911	279.31	162.72
3912	281.91	164.23
4001	576.49	327.95
4002	576.50	327.95
4003	576.47	327.93
4004	576.48	327.94
4005	576.48	327.94
4006	576.48	327.94
4101	558.89	326.70
4102	558.88	326.70
4103	558.89	326.70
4104	558.88	326.70

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
4105	558.88	326.70
4106	558.89	326.70
4201	555.50	325.33
4202	555.51	325.33
4203	555.48	325.31
4204	555.49	325.32
4205	555.49	325.32
4206	555.50	325.32
4301	564.68	323.81
4302	564.68	323.82
4303	564.65	323.80
4304	564.67	323.81
4305	564.67	323.81
4306	564.67	323.81
4401	562.73	322.17
4402	562.74	322.18
4403	562.71	322.16
4404	562.72	322.17
4405	562.72	322.17
4406	562.73	322.17
4501	560.63	320.40
4502	560.64	320.41
4503	560.61	320.39
4504	560.62	320.40
4505	560.62	320.40
4506	560.62	320.40
4601	558.37	318.50
4602	558.38	318.51
4603	558.35	318.49
4604	558.36	318.50
4605	558.36	318.50
4606	558.37	318.50
4701	546.92	316.47
4702	546.92	316.47
4703	546.89	316.46
4704	546.91	316.47
4706	546.91	316.47

Property Valuation Report

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
5001	558.54	311.64
5002	558.53	311.64
5003	558.53	311.64
5004	558.54	311.64
5005	558.54	311.64
5006	558.54	311.64
5101	552.39	309.10
5102	552.39	309.10
5103	552.39	309.10
5104	552.40	309.10
5105	552.39	309.10
5106	552.40	309.10
5201	549.13	306.43
5202	549.13	306.43
5203	549.13	306.43
5204	549.14	306.43
5205	549.14	306.43
5206	549.14	306.43
5301	540.71	303.63
5302	540.72	303.63
5303	540.72	303.63
5304	540.72	303.64
5305	540.72	303.63
5306	540.72	303.64
5307	99.22	55.71
5401	541.30	300.73
5402	541.14	300.64
5403	541.14	300.64
5404	541.30	300.73
5405	541.37	300.77
5406	541.37	300.77
5407	133.33	74.08
5501	537.42	297.69
5502	537.27	297.60
5503	537.27	297.60
5504	537.43	297.69
5505	537.50	297.73

Office Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
5506	537.50	297.73
5507	133.73	74.08
5601	533.26	294.45
5602	533.27	294.45
5603	533.34	294.49
5604	533.50	294.58
5605	533.50	294.58
5606	533.34	294.49
5607	134.16	74.08
5701	529.05	291.15
5702	529.21	291.24
5703	529.28	291.27
5704	529.28	291.28
5705	529.21	291.24
5706	529.06	291.15
5707	134.61	74.08
5801	553.56	287.81
5802	553.56	287.81
5803	553.56	287.81
5804	553.56	287.81
5805	553.56	287.81
5806	553.56	287.82
5807	139.97	72.78
5901	3,318.60	1,947.22
6001	3,388.29	2,001.50
6101	3,360.15	1,984.04
6201	3,330.29	1,962.51
6301	3,299.48	1,938.56
6401	3,270.78	2,012.14
6501	3,238.24	1,986.84
Financial Club		
2730 of Annex Block	916.25	620.47
2830 of Annex Block	948.91	658.66
<i>Sub-total</i>	<i>183,539.65</i>	<i>110,847.69</i>

Property Valuation Report

Retail			
Level/Unit		Gross Floor Area	Internal Floor Area
		(sq.m.)	(sq.m.)
<i>Emporium/Department Store</i>			
Level 1		3,766.88	3,110.39
Level 2		4,828.68	3,512.96
Level 3		5,204.52	3,926.13
Level 4		5,157.14	3,964.98
Level 5		5,148.87	4,136.99
Basement 1		10,853.12	8,329.15
Basement 1 Mezzanine Floor		9,331.02	4,978.53
Level 4 (Portion) from Hotel Banquet (Staff Canteen)		2,698.93	1,797.33
<i>Sub-total</i>		<i>46,989.16</i>	<i>33,756.46</i>

Hotel			
Level/Unit		Gross Floor Area	Internal Floor Area
		(sq.m.)	(sq.m.)
<i>Rooms</i>			
6801		1,859.47	749.22
6901		3,242.12	2,039.19
Levels 70 to 100		69,291.61	35,422.32
<i>Banquet</i>			
Level 1		1,730.73	1,156.70
Level 2		3,581.64	2,213.23
Level 3		4,327.16	2,998.53
Level 4 (Portion)		565.2	376.39
Level 5		4,600.90	3,046.35
<i>Sub-total</i>		<i>89,198.83</i>	<i>48,001.93</i>

Serviced apartment Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
620	2,866.96	2,088.57
720	1,308.05	904.50
730	1,036.76	716.90
820	1,290.91	904.50
830	1,023.18	716.90
920	1,258.97	904.50
930	997.86	716.90
1020	1,322.17	904.50
1030	965.95	660.81
1120	1,259.40	905.19
1130	997.43	716.90
1220	1,284.18	905.19
1230	1,017.06	716.90
1320	1,259.40	905.19
1330	997.43	716.90
1420	1,322.52	905.19
1430	965.46	660.81
1520	1,259.40	905.19
1530	997.43	716.90
1620	1,291.35	905.19
1630	1,022.74	716.90
1720	1,259.40	905.19
1730	997.43	716.90
1820	1,322.52	905.19
1830	965.46	660.81
1920	1,259.40	905.19
1930	997.43	716.90

Property Valuation Report

Serviced apartment		
Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
2020	1,291.35	905.19
2030	1,022.74	716.90
2120	1,260.93	907.76
2130	995.82	716.90
2220	1,324.13	907.76
2230	963.90	660.81
2320	1,260.93	907.76
2330	995.82	716.90
2420	1,282.47	907.76
2430	1,012.83	716.90
2520	1,260.93	907.76
2530	995.82	716.90
2620	1,296.35	907.76
2630	943.67	660.81
2720	1,340.49	907.76
2820	1,307.83	907.80
<i>Sub-total</i>	<i>51,102.26</i>	<i>36,078.14</i>

Car park		
Level/Unit	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
Basement 1	5,740.30	3,414.17
Basement 2	21,740.52	17,963.21
Basement 3	21,338.21	18,370.57
Basement 4	22,263.76	19,261.06
<i>Sub-total</i>	<i>71,082.79</i>	<i>59,009.01</i>

5. TENANCY DETAILS

5.1. RENTAL INCOME

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental incomes and equivalent annual net rental incomes of various portions of the Property were as follows:

Retail Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
45,340.64 sq.m.	RMB11,153,077.71	RMB133,836,932.52
Office Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
128,815.37 sq.m.	RMB30,492,576.67	RMB365,910,920.00
Car park Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
71,082.79 sq.m.	RMB1,083,333.00	RMB13,000,000.00

According to the supplied information, we understand that rental incomes are exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone and air-conditioning charges and so on. The tenants of the Property are from various industries such as bank, food & beverage, garment and so on. We are not aware of any material options or rights of pre-emption which may affect the value of the Property.

5.2. OCCUPANCY RATE

According to the information provided by the Manager, the majority of the Property was leased to various tenants as at the Date of Valuation with the following occupancy rates of the Property held by Yuexiu REIT:

Retail – 97.03%

Office – 70.18%

Car park – 100.00%

5.3. LEASE CYCLE DURATION AND EXPIRY PROFILE

In general, the typical lease terms of the tenancies are on normal commercial terms. The details of the duration lease terms of various portions of the Property are shown below:

Retail Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	6.0%
1	2	0%
2	3	1.5%
3	4	0%
4	5	0%
Over 10		92.5%
		100.0%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	6.0%
End of 2015	1.5%
End of 2021	92.5%
	100.0%

Office Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	16.3%
1	2	5.9%
2	3	34.4%
3	4	13.4%
4	5	17.3%
5	6	9.4%
6	7	2.6%
7	8	0.7%
		100.0%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	5.9%
End of 2014	34.4%
End of 2015	29.7%
End of 2016	17.3%
End of 2017	9.4%
End of 2018	2.6%
End of 2021	0.7%
	100.0%

Car park Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	100%
		100.0%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	100.0%
	100.0%

5.4. SUMMARY OF MATERIAL RENTAL REVIEW PROVISIONS

We understand that the Property has no material rent review provisions. We are not aware of any sub-leases or tenancies or any material options or rights of pre-emption which may affect the value of the Property.

5.5. HISTORIC OUTGOINGS

As advised by the Manager, the total property management income covers all the property management expenses.

5.6. PROPERTY MANAGEMENT

A property management services agreement and a supplementary agreement were entered into between Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. (廣州越秀城建國際金融中心有限公司) (the “Owner”) and Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. (廣州越秀城建仲量聯行物業服務有限公司) (the “Property Management Company”) on 8 January 2010 and 9 May 2012 respectively for a term of 5years from 1 July 2012 till 30 June 2017. Under these two agreements, the Property Management Company is entitled to a monthly remuneration of 7.5% of actual property management expenses and subject to minimum and maximum extents of RMB430,000 per month and RMB600,000 per month respectively.

As advised by the Manager, the monthly management fees are payable by the tenants to the Property Management Company.

6. VALUATION

6.1. INCOME CAPITALISATION APPROACH

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the “term and reversion” method. This approach estimates the value of the Property on a market value basis by capitalising net rental income on a fully let basis having regard to the current passing rental income and potential future income from existing tenancies. In preparing our valuation, we have had regard to asking or transacted rental income comparables within the same and/or similar retail/ wholesale developments in the locality. For the purposes of market comparables compositions, we have identified a number of comparables from our own database, which is based on the most recent data available to us. Due to the limited number of actual transactions available, we have analysed lettings from a variety of buildings in the locality. In our assessment, the term yields adopted are 4.75%, 4.50%, 4.50% and 4.50% for retail, office, serviced apartment and car park respectively; and the reversionary yields adopted are 5.25%, 5.00%, 4.50% and 5.00% for retail, office, serviced apartment and car park respectively.

6.2. DISCOUNTED CASH FLOW METHOD

In our valuation, we have adopted various discount rates for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return from comparables of similar types of properties. In arriving at the periodic cash flows prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon expiry of the leases. We have estimated the rental income growth per annum for 5-year projections to both hotel and serviced apartment portions of the Property and 10-year projections to the remaining portion of the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, we will follow the terms of the renewed tenancies which are typically for two to three years. Upon expiry of such tenancies, new leases will be granted or renewed on three years terms at the then existing market rentals. No deduction has been made for the expected repair and maintenance costs as we understand from the Manager that the repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fees paid by tenants. We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance and service fees. In our assessment, we have valued the Property using the following assumptions:

Property Valuation Report

Items	
<i>Retail</i>	
Discount Rate	7.25%
Stabilized Annual Growth Rate	3.0%
Stabilized Vacancy Allowance	5.0%
<i>Office</i>	
Discount Rate	7.00%
Stabilized Annual Growth Rate	3.0%
Stabilized Vacancy Allowance	10.0%
<i>Hotel</i>	
Discount Rate	7.00%
Stabilized Annual Growth Rate	3.0%
Stabilized Vacancy Allowance	25.0%
<i>Serviced apartment</i>	
Discount Rate	7.50%
Stabilized Annual Growth Rate	3.0%
Stabilized Vacancy Allowance	15.0%
<i>Car park</i>	
Discount Rate	7.00%
Stabilized Annual Growth Rate	3.0%
Stabilized Vacancy Allowance	30.0%

The aforesaid vacancy allowances are based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our discounted cash flow, based on the information provided by the Manager, we have projected for 5-year projections to both hotel and serviced apartment portions of the Property and 10-year projections to the remaining portion of the Property at the following amount:

Items	
Service Fees based on the Tenancy	3.00% of rental income
Energy and Utility Expenses	0.5% of rental income
Sundry Expenses	1.0% of rental income
Insurance	RMB4.00/sq.m./month
Business Tax and others	5.50% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	12.00% of rental income
Stamp Duty	0.10% of rental income

6.3. OPINION OF VALUE

Based on our valuation method of income capitalization approach including discounted cash flow method, we are of the opinion that the total Market Value of the Property in its existing state as at the Date of Valuation is in the sum of **RMB15,512,000,000 (RENMINBI FIFTEEN BILLION FIVE HUNDRED AND TWELVE MILLION ONLY)** assuming it is available for sale in the market with the benefit of existing tenants and its property title being free from all material encumbrances or defects.

Part B – Valuation of various units held by Yuexiu REIT located in White Horse Building, Nos. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou, Guangdong Province, the PRC (the “Property”)

1. SUMMARY OF THE PROPERTY

According to the information supplied by the Manager, a total number of 9 Certificates of Building Ownership have been issued in respect of the Property. Details of the Property are tabulated as follows:

a. Property Description	White Horse Building is a 10-storey wholesale garment shopping centre including 8 levels above ground, a lower ground level and a level of basement car park. The Property comprises a number of units of the building
b. Type of land use rights	Granted
c. Land use	Land use of the underlying land of White Horse Building is described as “Commercial/Office”
d. Land use rights terms	<p>Lower Ground</p> <p>Level 50 years from 7 June 2005</p> <p>Levels 1 to 3</p> <p>40 years from 7 June 2005</p> <p>Level 4 (7,164.2 sq.m.)</p> <p>40 years from 7 June 2005</p> <p>Level 4 (531.4 sq.m.)</p> <p>50 years from 7 June 2005</p> <p>Levels 5 to 8</p> <p>50 years from 7 June 2005</p>
e. Registered owner	Partat Investment Limited
f. Gross floor area	<p>Retail - 46,279.3 sq.m.</p> <p>Office - 3,920.0 sq.m.</p> <p>Total: 50,199.3 sq.m.</p>
g. Internal floor area	48,100.6 sq.m.
h. Gross rentable area	50,128.9 sq.m.

2. LOCATION AND ENVIRONMENT

2.1. LOCALITY AND LAND-USE

White Horse Building, a 10-storey wholesale garment shopping centre including 8 levels above ground, a lower ground level and a level of basement car park, is located at Nos. 14, 16 and 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC. The Property is close to Guangzhou Railway Station, bus terminal and No. 2 Metro Line.

The Property is located in Yuexiu District and accessibility is considered to be good. The main garment wholesale area of Guangzhou is situated around Zhan Nan Road, Yuexiu District. The area is very popular among wholesalers because of its location close to the Guangzhou Railway Station and major expressways. According to the State-owned Land-use Rights Grant Contract signed on 28th June 2005, the land-use of the underlying land of White Horse Building is described as "Commercial/Office".

2.2. SURROUNDING DEVELOPMENT AND ENVIRONMENTAL ISSUES

Developments in the area comprise mainly commercial buildings and retail shopping and wholesale centres, interspersed with some older medium-rise residential buildings. The pedestrian flow along that section of Zhan Nan Road West is heavy as it is opposite to the bus terminal and close to the Guangzhou Railway Station. We have no knowledge of any environmental concerns or contamination of the subject site and surrounding sites.

Due to the land registration system in the PRC, we cannot trace any information regarding previous development erected upon the subject site, and therefore we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2.3. ACCESSIBILITY

General accessibility to the Property is good as public transportation such as taxis, buses and No. 2 Metro Line are available along Zhan Nan Road. Bus stops are located in 2-minute walking distance from the Property. A pedestrian footbridge adjacent to the Property allows access to the Guangzhou Railway Station. The Guangzhou Railway Station is also connected to No. 2 Metro Line.

3. PROPERTY DESCRIPTION

The Property is located at Nos. 14, 16 and 18 Zhan Nan Road, Yue Xiu District, Guangzhou's traditional wholesale business area. According to the information provided by the Manager, the Property has a total gross floor area of approximately 61,703.0 sq.m. Summary of breakdown floor areas and uses of the Property is as follows:

Level *	Use	Gross Floor Area (sq.m.)
Basement 1	Car park	5,690.9
Lower Ground Level	Storage	6,934.5
Level 1	Commercial	7,667.0
Level 2	Commercial	7,199.8
Level 3	Commercial	7,684.9
Level 4	Commercial	7,695.6
Level 5	Commercial	7,466.4
Level 6	Commercial	7,443.9
Level 7	Commercial	2,003.5
Level 8	Commercial	1,916.5
	Total	61,703.0

*Note: Level 1, Level 2, Level 3, Level 4, Level 5, Level 6, Level 7 and Level 8 correspond to 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th Floor of White Horse Building respectively.

The site of the Property comprises a regular and level plot with its main frontage on Zhan Nan Road. It was first completed in 1990 and then underwent two separate phase extensions in between 1995 and 1997 as well as between 1998 and 2000. Car parking facilities are located on Basement 1. The layout and design of the Property is reasonable in comparison with other wholesale centres of similar scale and grade in the locality.

The Property was constructed of reinforced concrete with partly glazed and partly mosaic tiling to the exterior elevations and is decorated with marble or granite wall and floor tiles at the main lobby. Main services comprise electricity, water and telecommunications. The building is sub-divided into various units on all levels and is served by 8 passenger lifts and 2 cargo lifts serving Level 1 to Level 6; 2 passenger lifts and a cargo lift serving Level 7 to Level 8; 12 escalators serving Level 1 to Level 4; and 17 staircases serving Level 1 to Level 8.

The standard of services and finishes within the development is considered to be reasonable and commensurate with other wholesale centres in the neighbourhood.

Fire safety measures include automatic sprinkler heads, smoke detectors, fire alarm system and fire extinguishers are installed throughout the building.

4. OWNERSHIP

4.1. PORTION OF INTERESTS HELD BY YUEXIU REIT

YUEXIU REIT holds a portion of the building and the details of the interest are listed below:

Level	Use	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
Lower Ground Level	Storage	1,121.7	1,081.1
Level 1	Commercial	7,667.0	7,342.6
Level 2	Commercial	7,199.8	6,892.2
Level 3	Commercial	7,684.9	7,359.8
Level 4	Commercial	7,695.6	7,370.0
Level 5	Commercial	7,466.4	7,149.2
Level 6	Commercial	7,443.9	7,127.5
Level 7	Commercial	2,003.5	1,931.0
Level 8	Commercial	1,916.5	1,847.2
Total		50,199.3	48,100.6

Upon our site inspection, we noted that Levels 1 to 8 of the Property were occupied as retail shops and ancillary offices. As advised by the Manager, the Lower Ground Level comprises mainly common area including staircases and storage area, which is regarded as non-lettable area.

4.2. TITLE INVESTIGATION

Gongan Building is erected on the south side of White Horse Building with a total gross floor area of approximately 2,700.00 sq.m. According to an agreement signed on 7th February 1994 between “Guangzhou City Construction & Development Group Co. Ltd.” and “Guangzhou City Gongan Bureau”, “Guangzhou City Construction & Development Group Co. Ltd.” was responsible for the design, obtaining approval and construction of Gongan Building; “Guangzhou City Gongan Bureau” was responsible for paying construction cost and land-use rights grant premium of RMB950,000 to “Guangzhou City Construction & Development Group”. “Guangzhou City Gongan Bureau” could use Gongan Building for the residual land-use rights’ terms. As advised by the Manager, we understand that the owner of the Property does not have the right to use and title ownership of Gongan Building but this will not affect the title of “Partat Investment Limited” to the Property.

5. TENANCY DETAILS

5.1. RENTAL INCOME

As at the Date of Valuation, whole of the Property was tenanted. According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income were as follows:

Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
50,128.9 sq.m.	RMB26,699,890.00	RMB320,398,680.00

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone and air-conditioning charges and so on. The tenants of the Property are from various industries such as bank, food & beverage, garment and so on. We are not aware of any material options or rights of pre-emption which may affect the value of the Property.

5.2. OCCUPANCY RATE

According to the information provided by the Manager, the majority of the Property was leased to various tenants as at the Date of Valuation with an occupancy rate of 100% of the Property held by Yuexiu REIT.

5.3. LEASE CYCLE DURATION AND EXPIRY PROFILE

In general, the typical lease terms of the tenancies are on normal commercial terms. The details of the duration lease terms are shown below:

Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	13.5%
1	2	0.3%
2	3	27.3%
3	4	41.8%
4	5	2.0%
5	6	15.1%
		100.0%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	17.0%
End of 2014	49.9%
End of 2015	33.1%
	100.0%

5.4. SUMMARY OF MATERIAL RENTAL REVIEW PROVISIONS

We understand that the Property has no material rent review provisions. We are not aware of any sub-leases or tenancies or any material options or rights of pre-emption which may affect the value of the Property.

5.5. HISTORIC OUTGOINGS

As advised by the Manager, the total property management income covers all the property management expenses.

5.6. PROPERTY MANAGEMENT

A tenancy services agreement and its extension agreement were entered into between the Manager, "Partat Investment Limited" (the "Property Company") and "White Horse Property Management Co. Ltd." (the "Leasing Agent") on 7 December 2005 and 31 December 2010 for an initial term of three years and further extended to 31 December 2013. Under these two agreements the Leasing Agent, who is also the property manager of White Horse Building, will be paid a remuneration of 3.0% per annum of the gross revenue ("Service Fees") receivable by the Property Company from the operation of the Property. The Leasing Agent, as the property manager of the building is entitled to retain 10.0% of any contributions made by the tenants towards the operating expenses of the building. The Leasing Agent agrees that, for so long as it is the property manager of White Horse Building, the Service Fees paid to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

6. VALUATION

6.1. INCOME CAPITALISATION APPROACH

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the “term and reversion” method. This approach estimates the value of the Property on a market value basis by capitalising net rental income on a fully let basis having regard to the current passing rental income and potential future income from existing tenancies. In preparing our valuation, we have had regard to asking or transacted rental income comparables within the same and/or similar retail/ wholesale developments in the locality. For the purposes of market comparables compositions, we have identified a number of comparables from our own database, which is based on the most recent data available to us. Due to the limited number of actual transactions available, we have analysed lettings from a variety of buildings in the locality. In our assessment, the term yield adopted is 7.75% and the reversionary yield is 8.25%. The term yield adopted is very close to the market yield because the current passing rental income of the Property is comparable to the estimated current market rental income.

6.2. DISCOUNTED CASH FLOW METHOD

In our valuation, we have adopted a discount rate of 9.6% for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return from comparables of similar types of properties. In arriving at the periodic cash flows prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon expiry of the leases. We have estimated the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, we will follow the terms of the renewed tenancies which are typically for two to three years. Upon expiry of such tenancies, new leases will be granted or renewed on three years terms at the then existing market rentals. No deduction has been made for the expected repair and maintenance costs as we understand from the Manager that the repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fees paid by tenants. We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance and service fees. In our assessment, we have valued the Property using the following assumptions:

Items	
Discount Rate	9.6%
Growth Rate (10-year Average)	3.0%
Vacancy Allowance (10-year Average)	0.5%

Vacancy allowance is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our discounted cash flow, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Items	
Service Fees based on the Tenancy	3.00% of rental income
Energy and Utility Expenses	0.5% of rental income
Sundry Expenses	1.0% of rental income
Insurance	RMB4.00/sq.m./month
Business Tax and others	5.50% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	12.00% of rental income
Stamp Duty	0.10% of rental income

6.3. OPINION OF VALUE

We have summarized the valuation results of each approach in the table below:

Valuation Method	Opinion of Value
Income Capitalization Approach	RMB3,890,000,000
Discounted Cash Flow Method	RMB3,820,000,000

Based on our valuation method of income capitalization approach including discounted cash flow method, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation is **RMB3,855,000,000 (RENMINBI THREE BILLION EIGHT HUNDRED AND FIFTY-FIVE MILLION ONLY)** assuming it is available for sale in the market with the benefit of existing tenants and its property title being free from all material encumbrances or defects.

The Market Value of the Property is an average of values derived by income capitalization approach and discounted cash flow method.

Part C – Valuation of various units held by Yuexiu REIT located in Fortune Plaza, Nos. 114, 116 and 118 Ti Yu Dong Road, Tian He District, Guangzhou, Guangdong Province, the PRC (the “Property”)

1. SUMMARY OF THE PROPERTY

According to the information supplied by the Manager, a total number of 83 Certificates of Building Ownership have been issued in respect of the Property. Details of the Property are tabulated as follows:

a. Property Description	Fortune Plaza comprises a regular and level plot with its main frontage abutting Ti Yu Dong Road upon which a 6-storey commercial podium with two office towers namely East Tower and West Tower, are erected. The East Tower is above the podium from the 8th to 37th storey and the West Tower from the 8th to 27th storey. The Property comprises a number of units of the development
b. Type of land use rights	Granted
c. Land use	Land use of the underlying land of Fortune Plaza is described as “Commercial/Office”
d. Land use rights terms	Level 1 to Level 5 & Level 37 of East Tower and Level 27 of West Tower 40 years from 26 November 2002 Level 8 to Level 9, Level 11 to Level 14, Level 17, Level 19, Level 25 to Level 28 & Level 34 to 36 of East Tower and Level 8 to Level 19 & Level 24 to 26 of West Tower 50 years from 26 November 2002
e. Registered owner	All units except Unit 1701 of East Tower Moon King Limited Unit 1701 of East Tower Guangzhou Jieyacheng Properties Company Limited
f. Gross floor area	Retail - 3,853.1 sq.m. Office - 37,502.1 sq.m. Total: 41,355.2 sq.m.
g. Internal floor area	31,389.6 sq.m.
h. Gross rentable area	41,355.2 sq.m.

2. LOCATION AND ENVIRONMENT

2.1. LOCALITY AND LAND-USE

Fortune Plaza is located at Nos. 114, 116 and 118 Ti Yu Dong Road, Tian He District, Guangzhou, Guangdong Province, the PRC. It is in close proximity to the Guangzhou East Train Station and Metro Station with interchange of Nos. 1 and 3 Metro Line. Tian He District is a rapidly developing area in Guangzhou and is the present focus of new Grade A office developments. Located on the eastern side of Guangzhou, most of the major developments in the area are situated around and overlook Tian He Stadium. This district has emerged as the new Central Business District (“CBD”) of Guangzhou within the last few years, and its increasing popularity with the business community has led to rapid development of commercial buildings around the stadium area, with new developments initially located near the central square but gradually expanding outwards from it.

2.2. SURROUNDING DEVELOPMENT AND ENVIRONMENTAL ISSUES

Developments in the area comprise mainly modern high-rise commercial buildings and low-rise retail shopping centres, interspersed with older medium-rise residential buildings. The pedestrian flow along the section of where the Property located is heavy as it is being at the busier side of Tian He Stadium. We have no knowledge of any environmental concerns or contamination of the subject site and surrounding areas. Due to the land registration system in the PRC, we cannot trace any information regarding previous developments erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2.3. ACCESSIBILITY

General accessibility to the Property is good as public transportation such as taxis and buses are available along Ti Yu Dong Road, a major roadway in Guangzhou. Bus stops and a metro station are located adjacent to Fortune Plaza. It is located in approximately 5 minutes’ driving distance from Guangzhou East Train Station. A pedestrian subway adjacent to the Property allows access to Tian He Stadium.

3. PROPERTY DESCRIPTION

Fortune Plaza is a Grade A commercial complex and located at Tian He District, in Guangzhou's prime business area. According to the information provided by the Manager, the development has a total gross floor area of approximately 81,418.1 sq.m.. Summary of breakdown floor areas and uses of the Property is as follows:

Level*	Use	Gross Floor Area (sq.m.)
Basement 1	Car park and machinery plant room	8,561.6
Podium - Level 1 to 6	Commercial	23,993.0
Level 7	Machinery plant room and ancillary facilities	999.0
East Tower	Level 8 to Level 36 - Office	28,900.3
	Level 37 - Commercial	
West Tower	Level 8 to Level 26 - Office	18,964.2
	Level 27 - Commercial	
	Total	81,418.1

The site of the development comprises a regular and level plot with its main frontage abutting Ti Yu Dong Road upon which a 6-storey commercial podium with two office towers are erected and were completed in 2003. The East Tower is above the podium from the 8th to 37th storey and the West Tower from the 8th to 27th storey. The main entrance of Fortune Plaza abuts Ti Yu Dong Road. General accessibility to the Property is good as public transportation such as Metro System, buses and taxis are available along Ti Yu Dong Road which is a main roadway in Guangzhou. Car parking facilities are provided on 2 basement levels; a podium garden, a club and other ancillary facilities are located on Level 7. The layout and design of the Property is reasonable in comparison with other office buildings of similar scale and grading in the locality.

The Property is constructed of reinforced concrete with glazed tiling to the exterior elevations and is decorated with marble or granite wall and floor tiles in the main lobby. The specification of the building includes central air-conditioning system.

Main services of the development comprise electricity, water and telecommunications. The building is subdivided into various units on all levels and is served by 10 passenger lifts and 2 cargo lifts serving all levels. The standard of services and finishes within the development is considered to be reasonable and commensurate to other office buildings in the neighbourhood.

The development is maintained in a reasonable condition commensurate with its age. Fire safety measures include automatic sprinkler heads, smoke detectors, fire alarm system and fire extinguishers are installed throughout the building.

4. OWNERSHIP

4.1. PORTION OF INTERESTS HELD BY YUEXIU REIT

Yuexiu REIT holds a portion of the development and the details of the interest are listed below:

Podium, Ti Yu Dong Road

Level/Unit	Use	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
No. 118, Unit 109	Commercial	1,007.4	968.9
No. 118, Level 2	Commercial	2,845.7	2,275.8
No. 118, Level 3	Commercial	4,275.1	3,593.0
No. 118, Level 4	Commercial	4,275.1	3,593.0
No. 118, Level 5	Commercial	4,275.1	3,593.0

East Tower, Ti Yu Dong Road

Level/Unit	Use	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
No. 116, Unit 801	Office	180.2	150.0
No. 116, Unit 802	Office	124.7	79.5
No. 116, Unit 803	Office	188.8	120.5
No. 116, Unit 805	Office	191.7	122.3
No. 116, Unit 806	Office	124.8	79.6
No. 116, Unit 808	Office	188.8	120.5
No. 116, Unit 903	Office	188.8	120.5
No. 116, Unit 905	Office	191.7	122.3
No. 116, Unit 906	Office	124.8	79.6
No. 116, Unit 908	Office	188.8	120.5
No. 116, Unit 1101	Office	180.2	115.0
No. 116, Unit 1102	Office	124.7	79.6
No. 116, Unit 1108	Office	188.8	120.5
No. 116, Unit 1201	Office	179.7	115.2
No. 116, Unit 1202	Office	125.0	80.2
No. 116, Unit 1203	Office	188.7	121.0
No. 116, Unit 1205	Office	191.7	122.9
No. 116, Unit 1206	Office	125.1	80.2
No. 116, Unit 1208	Office	188.7	121.0
No. 116, Unit 1301	Office	179.7	115.2
No. 116, Unit 1302	Office	125.0	80.2
No. 116, Unit 1303	Office	188.7	121.0
No. 116, Unit 1306	Office	191.7	122.9
No. 116, Unit 1305	Office	125.1	80.2
No. 116, Unit 1308	Office	188.7	121.0
No. 116, Unit 1401	Office	179.7	115.2
No. 116, Unit 1402	Office	125.0	80.2
No. 116, Unit 1403	Office	188.7	121.0
No. 116, Unit 1405	Office	191.7	122.9
No. 116, Unit 1406	Office	125.1	80.2
No. 116, Unit 1408	Office	188.7	121.0
No. 116, Unit 1701	Office	999.0	637.4
No. 116, Unit 1901	Office	180.2	115.0
No. 116, Unit 1902	Office	124.7	79.5
No. 116, Unit 1903	Office	188.8	120.5

Level/Unit	Use	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
No. 116, Unit 1905	Office	191.7	122.3
No. 116, Unit 1906	Office	124.8	79.6
No. 116, Unit 1908	Office	188.8	120.5
No. 116, Units 2501 & 2601	Office	1,586.4	1,240.8
No. 116, Unit 2705	Office	188.7	121.8
No. 116, Unit 2801	Office	180.3	115.4
No. 116, Unit 3401	Office	180.4	115.0
No. 116, Units 3501 & 3601	Office	1,392.2	1,029.3
No. 116, Level 37	Commercial	302.2	181.0

West Tower, Ti Yu Dong Road

Level/Unit	Use	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
No. 114, Level 8	Office	997.7	779.6
No. 114, Level 9	Office	997.7	779.6
No. 114, Level 10	Office	997.7	779.6
No. 114, Unit 1101	Office	189.3	120.5
No. 114, Unit 1102	Office	125.0	79.5
No. 114, Unit 1103	Office	179.7	114.4
No. 114, Unit 1105	Office	189.3	120.5
No. 114, Unit 1106	Office	125.0	79.6
No. 114, Unit 1108	Office	189.3	120.5
No. 114, Unit 1201	Office	189.0	122.0
No. 114, Unit 1202	Office	125.7	81.1
No. 114, Unit 1203	Office	179.4	115.8
No. 114, Unit 1205	Office	189.0	122.0
No. 114, Unit 1206	Office	125.7	81.1
No. 114, Unit 1208	Office	189.0	122.0
No. 114, Unit 1301	Office	189.0	122.0
No. 114, Unit 1302	Office	125.7	81.1
No. 114, Unit 1303	Office	179.4	115.8
No. 114, Unit 1305	Office	189.0	122.0
No. 114, Unit 1306	Office	125.7	81.1
No. 114, Unit 1308	Office	189.0	122.0
No. 114, Unit 1401	Office	189.0	122.0
No. 114, Unit 1402	Office	125.7	81.1

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Level/Unit	Use	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
No. 114, Unit 1403	Office	179.4	115.8
No. 114, Level 15	Office	997.7	779.6
No. 114, Level 16	Office	997.7	779.6
No. 114, Level 17	Office	997.7	779.6
No. 114, Level 18	Office	997.7	779.6
No. 114, Unit 1902	Office	125.9	81.6
No. 114, Unit 1903	Office	179.3	116.2
No. 114, Unit 1905	Office	188.8	122.4
No. 114, Unit 1906	Office	125.9	81.6
No. 114, Unit 2401 & 2501	Office	1,591.4	1,243.6
No. 114, Level 26	Office	646.8	446.0
No. 114, Level 27	Commercial	335.8	180.4
Total		41,355.2	31,389.6

5. TENANCY DETAILS

5.1. RENTAL INCOME

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
41,015.76 sq.m.	RMB5,160,798.00	RMB61,929,576.00

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone, air-conditioning charges and so on. The Property is occupied by various tenants from various industries such as finance, insurance, real estate, information technology, telecommunications, manufacturing, engineering, shipping and so on.

5.2. OCCUPANCY RATE

According to the information provided by the Manager, the majority portion of the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of about 99.2% of the Property held by Yuexiu REIT.

5.3. LEASE CYCLE DURATION AND EXPIRY PROFILE

In general, the typical lease terms of the tenancies are on normal commercial terms. The details of the duration lease terms are shown below:

Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	0.4%
1	2	19.2%
2	3	27.7%
3	4	5.2%
4	5	31.6%
5	6	3.6%
6	7	0%
7	8	1.9%
8	9	0%
9	10	10.4%
		100.0%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	11.5%
End of 2014	23.4%
End of 2015	29.8%
End of 2016	0.5%
End of 2017 and thereafter	34.8%
	100.0%

5.4. SUMMARY OF MATERIAL RENTAL REVIEW PROVISIONS

We understand that the Property has no material rent review provisions. We are not aware of any sub-leases or tenancies or any material options or rights of pre-emption which may affect the value of the Property.

5.5. HISTORIC OUTGOINGS

As advised by the Manager, the total property management income covers all the property management expenses.

5.6. PROPERTY MANAGEMENT

A tenancy services agreement and an extension agreement were entered into between the Manager, Moon King Limited (the "Property Company") and Guangzhou Yicheng Property Management Ltd. (the "Leasing Agent") on 7 December 2005 and 31 December 2010 for an initial term of three years and further extended to 31 December 2013. Under these two agreements the Leasing Agent, who is also the property manager of Fortune Plaza, is entitled to a remuneration of 4.0% of the gross revenue per annum ("Service Fees") receivable by the Property Company from the operation of the Property. The Leasing Agent, as the property manager of the building, is entitled to retain 10.0% of any contributions made by the tenants towards the operating expenses of the building. The Leasing Agent agrees that, for so long as it is the property manager of Fortune Plaza, the Service Fees payable to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

As advised by the Manager, the monthly management fees are payable by the tenants to the leasing Agent.

6. VALUATION

6.1. INCOME CAPITALISATION APPROACH

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the “term and reversion” method. This approach estimates the value of the Property on a market value basis by capitalising net rental income on a fully let basis having regard to the current passing rental income and potential future income from existing tenancies. In preparing our valuation, we have had regard to asking or transacted rental income comparables within the same and/or similar retail/wholesale developments in the locality. For the purposes of market comparables compositions, we have identified a number of comparables from our own database, which is based on the most recent data available to us. Due to the limited number of actual transactions available, we have analysed lettings from a variety of buildings in the locality. In our assessment, the term yields adopted are 7.00% and 7.50% for office and retail portions of the Property respectively; and the reversionary yields are 7.50% and 8.00% for office and retail portions of the Property respectively.

6.2. DISCOUNTED CASH FLOW METHOD

In our valuation, we have adopted various discount rates for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return from comparables of similar types of properties. In arriving at the periodic cash flows prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon expiry of the leases. We have estimated the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, we will follow the terms of the renewed tenancies which are typically for two to three years. Upon expiry of such tenancies, new leases will be granted or renewed on three years terms at the then existing market rentals. No deduction has been made for the expected repair and maintenance costs as we understand from the Manager that the repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fees paid by tenants. We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance and service fees. In our assessment, we have valued the Property using the following assumptions:

Items	
Discount Rate	9.00% (Office) and 9.40% (Retail)
Growth Rate (10-year Average)	3.00%
Vacancy Allowance (10-year Average)	2.00%

Property Valuation Report

Vacancy allowance is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our discounted cash flow, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Items	
Service Fees based on the Tenancy	4.00% of rental income
Energy and Utility Expenses	0.5% of rental income
Sundry Expenses	2.00% of rental income
Insurance	RMB5.00/sq.m./month
Business Tax and others	5.50% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	12.00% of rental income
Stamp Duty	0.10% of rental income

6.3. OPINION OF VALUE

We have summarized the valuation results of each approach in the table below:

Valuation Method	Opinion of Value
Income Capitalization Approach	RMB793,000,000
Discounted Cash Flow Method	RMB766,000,000

Based on our valuation method of income capitalization approach including discounted cash flow method, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation is **RMB780,000,000 (RENMINBI SEVEN HUNDRED AND EIGHTY MILLION ONLY)** assuming it is available for sale in the market with the benefit of existing tenants and its property title being free from all material encumbrances or defects.

For reference purpose, we are of the opinion that the Market Value of Unit 1701 in East Tower of the Property in its existing state as at the Date of Valuation is **RMB18,600,000 (RENMINBI EIGHTEEN MILLION AND SIX HUNDRED THOUSAND ONLY)** assuming it is available for sale in the prevailing market with the benefit of existing tenant and its property title being free from all material encumbrances or defects.

The Market Value of the Property is an average of values derived by income capitalization approach and discounted cash flow method.

Part D – Valuation of various units of held by Yuexiu REIT located in City Development Plaza, Nos. 185, 187 And 189 Ti Yu Xi Road, Tian He District, Guangzhou, Guangdong Province, the PRC (the “Property”)

1. SUMMARY OF THE PROPERTY

According to the information provided by the Manager, 165 Certificates of Building Ownership have been issued in respect of the Property. The details of the Property are summarized as follows:

- | | |
|-----------------------------------|--|
| a. Property Description | The Property comprises a regular and level plot on which a 5-storey commercial podium and an office tower from the 6th to 28th storey is erected. The Property comprises a number of units of the building |
| b. Type of land use rights | Granted |
| c. Land use | The land-use of the underlying land of City Development Plaza is described as “Commercial/Residential” |
| d. Land use rights terms | Level 1 to Level 3
40 years from 27 January 1997

Level 6 to Level 11 and Level 16 to Level 28:
50 years from 27 January 1997 |
| e. Registered owner | Full Estates Investment Limited |
| f. Gross floor area | Retail – 11,757.5 sq.m.
Office – 30,639.8 sq.m.
Total: 42,397.4 sq.m. |
| g. Internal floor area | 30,752.3 sq.m. |
| h. Gross rentable area | 42,397.4 sq.m. |

2. LOCATION AND ENVIRONMENT

2.1. LOCALITY AND LAND-USE

City Development Plaza is situated on the western side of Ti Yu Xi Road in Tian He District, Guangzhou, Guangdong Province, the PRC. The Property is in close proximity to Guangzhou East Train Station and Lin He Xi Zhan Metro Station which is located within about 3 minutes' walking distance from the Property. Ti Yu Xi Road forms one axis of the square surrounding Tian He Stadium and has become one of the main CBDs in Guangzhou. Tian He District is a rapidly developing area and is the present focus of new Grade A office developments. Located on the eastern side of Guangzhou, majority of major developments in the area are situated around and overlook Tian He Stadium. This district has emerged as the new CBD of Guangzhou within the last few years and its increasing popularity with business community has led to rapid development of commercial buildings around the stadium area, with new developments initially located near central square but gradually expanding outwards from it.

2.2. SURROUNDING DEVELOPMENT AND ENVIRONMENTAL ISSUES

Developments in the area comprise mainly modern high-rise commercial buildings and low-rise retail shopping centres, interspersed with older medium-rise residential buildings. The pedestrian flow along the section of where the Property located is heavy as it is being at the busier side of Tian He Stadium. We have no knowledge of any environmental concerns or contamination of the subject site and surrounding areas. Due to the land registration system in the PRC, we cannot trace any information regarding previous developments erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2.3. ACCESSIBILITY

General accessibility to the Property is good as public transportation such as taxis, buses and Nos. 1 and 3 Metro Line are available along Ti Yu Xi Road. Bus stops are located within 2 minutes' walking distance from the Property. It is directly accessible from Ti Yu Xi Road which is a major roadway in Guangzhou.

3. PROPERTY DESCRIPTION

City Development Plaza, a 28-storey Grade A commercial building with a 2-storey basement car parks, is located at Nos. 185, 187 and 189 Ti Yu Xi Road, Tian He District, in Guangzhou's prime business area. The building comprises a 5-storey commercial podium and office areas from Level 6 to Level 28. According to the information provided by the Manager, the building has a total gross floor area of approximately 74,049.2 sq.m.. Summary of breakdown floor areas and uses of the Property is as follows:

Level *	Use	Gross Floor Area (sq.m.)
Basements 1 and 2	Car park and machinery room	12,500.6
Level 1 to Level 3	Commercial	11,757.5
Level 4	Restaurant	4,639.3
Level 5	Club house	1,724.5
Level 6 to Level 28	Office	43,427.3
Total		74,049.2

The commercial portion of the Property is situated behind the main entrance lobby serving the office levels, and is divided into separate retail units arranged around an atrium. The ground level of the atrium is used for exhibition purposes.

The site of the building comprises a regular and level plot with its main frontage on Ti Yu Xi Road on which a 5-storey commercial podium with an office tower rising from the 6th to 28th level is built. The building was completed in 1997. The building's facilities include an exclusive club house, restaurants, a conference centre and car parking spaces. The layout and design of the Property is roughly square in shape.

The Property is constructed of reinforced concrete and is decorated with marble or granite wall and floor tiles at the main lobby and with gypsum false ceiling. The specification of the building includes a central air-conditioning system. Main services comprising electricity, water and telecommunications are provided to the building. The office portion of the Property is generally decorated with carpeted floors or homogenous floor tile, wallpaper and false ceilings. The retail podium is served by 2 passenger lifts, 10 escalators and 4 staircases. The office lifts serve all floors. The office portion is served by 6 passenger lifts, 2 service lifts and 2 staircases. The building is maintained in a reasonable condition commensurate with its age.

The building is maintained in a reasonable condition commensurate with its age. Fire safety measures include automatic sprinkler heads, smoke detectors, fire alarm system and fire extinguishers are installed throughout the building.

4. OWNERSHIP

4.1. PORTION OF INTERESTS HELD BY YUEXIU REIT

Yuexiu REIT holds a portion of the building and the details of the interest as follows:

Level	Use	Gross Floor Area (sq.m.)
Portion of Level 1*	Commercial	1,580.2
Portion of Level 1#	Commercial	1,707.4
The whole of Level 2	Commercial	3,977.0
The whole of Level 3	Commercial	4,493.0
Portion of Level 6	Office	1,487.3
Portion of Level 7	Office	818.1
Portion of Level 8	Office	922.2
Portion of Level 9	Office	795.7
Portion of Level 10	Office	1,383.3
The whole of Level 11	Office	1,844.3
The whole of Level 16	Office	1,844.3
Portion of Level 17	Office	1,717.9
Whole of Level 18 and Level 19	Office	3,688.7
Portion of Level 20	Office	1,613.8
Portion of Level 21	Office	1,613.8
Whole of Levels 22 to 28	Office	12,910.4
Total		42,397.4

Note:

* This portion includes management office

Atrium of Level 1 is not a retail unit nor for permanent lease.

5. TENANCY DETAILS

5.1. RENTAL INCOME

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
41,164.8 sq.m.	RMB4,179,882.00	RMB50,158,584.00

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone, air-conditioning charges and so on. The Property is occupied by various tenants from various industries such as finance, insurance, real estate, information technology, telecommunications, manufacturing/ engineering, shipping and so on.

5.2. OCCUPANCY RATE

According to the information provided by the Manager, the majority of the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of about 97.1% of the Property held by Yuexiu REIT.

5.3. LEASE CYCLE DURATION AND EXPIRY PROFILE

In general, the typical lease terms of the tenancies are on normal commercial terms. The details of the duration lease terms are shown below:

Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	0.9%
1	2	11.1%
2	3	16.4%
3	4	8.2%
4	5	29.9%
5	6	33.5%
		100.0%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	19.2%
End of 2014	9.9%
End of 2015	25.5%
End of 2016	19.1%
End of 2017 and thereafter	26.3%
	100.0%

5.4. SUMMARY OF MATERIAL RENTAL REVIEW PROVISIONS

We understand that the Property has no material rent review provisions. We are not aware of any sub-leases or tenancies or any material options or rights of pre-emption which may affect the value of the Property.

5.5. HISTORIC OUTGOINGS

As advised by the Manager, the total property management income covers all the property management expenses.

5.6. PROPERTY MANAGEMENT

A tenancy services agreement and an extension agreement were entered into between the Manager, Moon King Limited (the "Property Company") and Guangzhou Yicheng Property Management Ltd. (the "Leasing Agent") on 7 December 2005 and 31 December 2010 for an initial term of three years and further extended to 31 December 2013. Under these two agreements the Leasing Agent, who is also the property manager of Fortune Plaza, is entitled to a remuneration of 4.0% of the gross revenue per annum ("Service Fees") receivable by the Property Company from the operation of the Property. The Leasing Agent, as the property manager of the building, is entitled to retain 10.0% of any contributions made by the tenants towards the operating expenses of the building. The Leasing Agent agrees that, for so long as it is the property manager of Fortune Plaza, the Service Fees payable to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

6. VALUATION

6.1. INCOME CAPITALISATION APPROACH

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the “term and reversion” method. This approach estimates the value of the Property on a market value basis by capitalising net rental income on a fully let basis having regard to the current passing rental income and potential future income from existing tenancies. In preparing our valuation, we have had regard to asking or transacted rental income comparables within the same and/or similar retail/ wholesale developments in the locality. For the purposes of market comparables compositions, we have identified a number of comparables from our own database, which is based on the most recent data available to us. Due to the limited number of actual transactions available, we have analysed lettings from a variety of buildings in the locality. In our assessment, the term yields adopted are 7.50% and 8.00% for office and retail portions of the Property respectively; and the reversionary yields are 8.00% and 8.50% for office and retail portions of the Property respectively.

6.2. DISCOUNTED CASH FLOW METHOD

In our valuation, we have adopted various discount rates for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return from comparables of similar types of properties. In arriving at the periodic cash flows prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon expiry of the leases. We have estimated the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, we will follow the terms of the renewed tenancies which are typically for two to three years. Upon expiry of such tenancies, new leases will be granted or renewed on three years terms at the then existing market rentals. No deduction has been made for the expected repair and maintenance costs as we understand from the Manager that the repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fees paid by tenants. We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance and service fees. In our assessment, we have valued the Property using the following assumptions:

Items	
Discount Rate	9.40% (Office) and 9.80% (Retail)
Growth Rate (10-year Average)	3.00%
Vacancy Allowance (10-year Average)	2.00%

Property Valuation Report

Vacancy allowance is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our discounted cash flow, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Items	
Service Fees based on the Tenancy	4.00% of rental income
Energy and Utility Expenses	2.00% of rental income
Sundry Expenses	2.00% of rental income
Insurance	RMB5.0/sq.m./month
Business Tax and others	5.50% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	12.00% of rental income
Stamp Duty	0.10% of rental income

6.3. OPINION OF VALUE

We have summarized the valuation results of each approach in the table below:

Valuation Method	Opinion of Value
Income Capitalization Approach	RMB646,000,000
Discounted Cash Flow Method	RMB650,000,000

Based on our valuation method of income capitalization approach including discounted cash flow method, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation is RMB648,000,000 **(RENMINBI SIX HUNDRED AND FORTY-EIGHT MILLION ONLY)** assuming it is available for sale in the market with the benefit of existing tenants and its property title being free from all material encumbrances or defects.

The Market Value of the Property is an average of values derived by income capitalization approach and discounted cash flow method.

Part E – Valuation of various units held by Yuexiu REIT located in Victory Plaza, No. 101 Ti Yu West Road, Tian He District, Guangzhou, Guangdong Province, the PRC (the “Property”)

1. SUMMARY OF THE PROPERTY

According to the information provided by the Manager, 9 Certificates of Building Ownership have been issued in respect of the Property. The details of the Property are summarized as follows:

a. Property Description	Victory Plaza commercial retail centre with a 4-level basement together with 2 blocks of high-rise office building. The Property comprises a number of units of the development
b. Type of land use rights	Granted
c. Land use	The land-use of the underlying land of Victory Plaza is described as “Commercial/ Tourism”
d. Land use rights terms	40 years from 8 March 2004
e. Registered owner	Keen Ocean Limited
f. Gross floor area	27,698.1 sq.m.
g. Internal floor area	22,847.9 sq.m.
h. Gross rentable area	27,262.3 sq.m.

2. LOCATION AND ENVIRONMENT

2.1. LOCALITY AND LAND-USE

Victory Plaza, is located at No. 101 Ti Yu Xi Road, Tian He District, Guangzhou, Guangdong Province, the PRC. The Property features a 6-storey glass atrium over its entrance and a paved pedestrian mall in front of the building. There are two office towers of 52 and 36 storeys in height respectively constructed on top of the retail centre. It is located at the junction of Tian He Road and Ti Yu Xi Road and the intersection of Nos. 1 and 3 Metro Line. It is in close proximity to Guangzhou Book Centre and Teem Plaza. Ti Yu Xi Road forms one axis of the square surrounding Tian He Stadium and has become one of the main CBDs in Guangzhou.

2.2. SURROUNDING DEVELOPMENT AND ENVIRONMENTAL ISSUES

The Property is located in Tian He District. Developments in the area comprise mainly modern high-rise commercial buildings and low-rise retail shopping centres, interspersed with older medium-rise residential buildings. The pedestrian traffic flow along that section of Ti Yu Xi Road is moderate. We have no knowledge of any environmental concerns or contamination of the subject site and surrounding sites. Due to the land registration system in the PRC, we cannot trace any information regarding previous developments erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2.3. ACCESSIBILITY

General accessibility to the Property is good as public transportation such as taxis and buses are available along Ti Yu Xi Road. Bus stops are located within a 2 minutes' walking distance from the Property. It is located within about 3 minutes' walking distance from Ti Yu Xi Road Station of the No. 1 Metro Line. Nos. 1 and 3 Metro Line have direct underground access to Basement Level 1 of the Property.

3. PROPERTY DESCRIPTION

Victory Plaza is located at No. 101 Ti Yu Xi Road, Tian He District, in Guangzhou's prime business area. According to the information provided by the Manager, the development has a total gross floor area of approximately 52,568.6 sq.m. Summary of breakdown floor areas of the Property is as follows:

Level *	Use	Gross Floor Area (sq.m.)
Basements 1 and 2	Car park	24,870.5
Basement 1	Commercial	1,809.2
Level 1	Commercial (including Refuge Floor)	3,033.5
Level 2	Commercial	3,968.9
Level 3	Commercial	4,756.7
Level 4	Commercial	4,756.7
Level 5	Commercial	4,769.9
Level 6	Commercial	4,603.2
Total		52,568.6

The site area of the Property is approximately 10,477.0 sq.m.. The site of the shopping centre comprises a regular and level plot with its main frontage abutting Ti Yu Xi Road on which a 6-storey commercial retail centre with a 4-level of basement is erected. The Property was completed in 2003. The main entrance of Victory Plaza abuts Ti Yu Xi Road. The layout and design of Victory Plaza is reasonable in comparison with the other shopping centres of similar scale and grade in the locality.

The Property is constructed of reinforced concrete structures. The common parts from Level 1 to Level 4 are finished with granite homogenous floor and wall tiles; and granite floor, tiles and plastic or painted and wallpapered walls on Level 5 to Level 6. Main services comprising electricity, water and telecommunications are provided to the building. The building is subdivided into various units on all levels and is served by 4 passenger lifts, 20 escalators serving from basement to Level 6.

The standard of services and finishes within the Property is considered to be reasonable and commensurate to other shopping centers in the neighborhood. It is maintained in a reasonable condition commensurate with its age. Fire safety measures include automatic sprinkler heads, smoke detectors, fire alarm system and fire extinguishers are installed throughout the building.

4. OWNERSHIP

4.1. PORTION OF INTERESTS HELD BY YUEXIU REIT

Yuexiu REIT holds a portion of the development and the details of the interest are listed below:

Level/Unit	Use	Gross Floor Area (sq.m.)	Internal Floor Area (sq.m.)
Portion of Basement 1	Commercial	1,809.2	1,503.6
Level 1 (101)	Commercial	473.7	442.3
Level 1 (102)	Commercial	1,553.5	1,451.0
Level 1	Commercial (Refuge Floor)	1,006.3	978.2
Level 2	Commercial	3,968.9	3,058.1
Level 3	Commercial	4,756.7	3,833.0
Level 4	Commercial	4,756.7	3,833.0
Level 5	Commercial	4,769.9	3,875.8
Level 6	Commercial	4,603.2	3,872.9
Total		27,698.1	22,847.9

5. TENANCY DETAILS

5.1. RENTAL INCOME

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
26,136.46 sq.m.	RMB4,603,524.00	RMB55,242,288.00

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone, air-conditioning charges and so on. The Property is occupied by various tenants from various industries such as finance, insurance, real estate, information technology, telecommunications, manufacturing/ engineering, shipping and so on.

5.2. OCCUPANCY RATE

According to the information provided by the Manager, the majority portion of the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of about 95.9% of the Property held by Yuexiu REIT.

5.3. LEASE CYCLE DURATION AND EXPIRY PROFILE

In general, the typical lease terms of the tenancies are on normal commercial terms. The details of the duration lease terms are shown below:

Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	6.2%
1	2	63.3%
2	3	1.4%
3	4	2.8%
4	5	7.1%
5	6	0%
6	7	7.6%
7	8	0%
8	9	11.6%
9	10	0%
Above 10		0%
		100.0%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	6.2%
End of 2014	63.3%
End of 2015	1.4%
End of 2016	2.8%
End of 2017 and thereafter	26.3%
	100.0%

5.4. SUMMARY OF MATERIAL RENTAL REVIEW PROVISIONS

We understand that the Property has no material rent review provisions. We are not aware of any sub-leases or tenancies or any material options or rights of pre-emption which may affect the value of the Property.

5.5. HISTORIC OUTGOINGS

As advised by the Manager, the total property management income covers all the property management expenses.

5.6. PROPERTY MANAGEMENT

A tenancy services agreement and an extension agreement were entered into between the Manager, Keen Ocean Limited (the "Property Company") and Guangzhou Yicheng Property Management Co., Ltd. (the "Leasing Agent") on 7 December 2005 and 31 December 2011 for an initial term of three years and further extended to 31 December 2013. Under these two agreements the Leasing Agent, who is also the property manager of Victory Plaza, is entitled to a remuneration of 4.0% per annum of the gross revenue ("Service Fees") receivable by the Property Company from the operation of the Property. The Leasing Agent, as the property manager of the development, is entitled to retain 10.0% of any contributions made by the tenants towards the operating expenses of the development. The Leasing Agent agrees that, for so long as it is the property manager of Victory Plaza, the Service Fees paid to the Leasing Agent shall also be in satisfaction of the property management fees which it is entitled to receive from the Property Company for any vacant units of the Property under the property management agreement.

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

6. VALUATION

6.1. INCOME CAPITALISATION APPROACH

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the "term and reversion" method. This approach estimates the value of the Property on a market value basis by capitalizing net rental income on a fully let basis having regard to the current passing rental income and potential future income from existing tenancies. In preparing our valuation, we have had regard to asking or transacted rental income comparables within the same and/or similar retail/ wholesale developments in the locality. For the purposes of market comparables compositions, we have identified a number of comparables from our own database, which is based on the most recent data available to us. Due to the limited number of actual transactions available, we have analysed lettings from a variety of buildings in the locality. In our assessment, the term yield adopted is 7.5%; and the reversionary yield is 8.0%.

6.2. DISCOUNTED CASH FLOW METHOD

In our valuation, we have adopted a discount rate of 9.4% for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return from comparables of similar types of properties. In arriving at the periodic cash flows prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon expiry of the leases. We have estimated the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, we will follow the terms of the renewed tenancies which are typically for two to three years. Upon expiry of such tenancies, new leases will be granted or renewed on three years terms at the then existing market rentals. No deduction has been made for the expected repair and maintenance costs as we understand from the Manager that the repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fees paid by tenants. We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance and service fees. In our assessment, we have valued the Property using the following assumptions:

Items	
Discount Rate	9.40%
Growth Rate (10-year Average)	3.00%
Vacancy Allowance (10-year Average)	2.00%

Vacancy allowance is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our discounted cash flow, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Items	
Service Fees based on the Tenancy	4.00% of rental income
Energy and Utility Expenses	0.5% of rental income
Sundry Expenses	1.00% of rental income
Insurance	RMB3.50/sq.m./month
Business Tax and others	5.50% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	12.00% of rental income
Stamp Duty	0.10% of rental income

6.3. OPINION OF VALUE

We have summarized the valuation results of each approach in the table below:

Valuation Method	Opinion of Value
Income Capitalization Approach	RMB801,000,000
Discounted Cash Flow Method	RMB763,000,000

Based on our valuation method of income capitalization approach including discounted cash flow method, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation is RMB782,000,000 **(RENMINBI SEVEN HUNDRED AND EIGHTY-TWO MILLION ONLY)** assuming it is available for sale in the market with the benefit of existing tenants and its property title being free from all material encumbrances or defects.

The Market Value of the Property is an average of values derived by income capitalization approach and discounted cash flow method.

Part F – Valuation of various units held by Yuexiu REIT located in Yue Xiu Neo Metropolis Plaza located at Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258 Zhongshanliu Road, Yue Xiu District, Guangzhou, Guangdong Province, the PRC (the “Property”)

1. SUMMARY OF THE PROPERTY

According to the information provided by the Manager, 242 Certificates of Building Ownership have been issued in respect of the Property. The details of the Property are summarized as follows:

- | | |
|-----------------------------------|--|
| a. Property Description | A regular L-shaped and level plot upon which comprises a 26-storey commercial building (including a 3-level of basement) is erected. The Property comprises a number of units of the building |
| b. Type of land use rights | Granted |
| c. Land use | The land-use of the underlying land of Yue Xiu Neo Metropolis Plaza is described as “Commercial and Office” |
| d. Land use rights terms | Commercial Portion
40 years from 22 November 2005

Office Portion
50 years from 22 November 2005

Car park Portion
50 years from 22 November 2005 |
| e. Registered owner | Guangzhou Jieyacheng Properties Company Limited |
| f. Gross floor area | Commercial Portion (Basement 1 to Level 4)
15,445.5 sq.m.

Office Portion (Level 5 to Level 23 excluding Level 6)
34,441.8 sq.m.

Car Parking Spaces (Basement 2 to Basement 3)
7,549.0 sq.m.

Others (including Common Facilities Areas and Club house on Level 6)
4,528.0 sq.m.

Total: 61,964.3 sq.m. |
| g. Gross rentable area | 49,887.3 sq.m. |

2. LOCATION AND ENVIRONMENT

2.1. LOCALITY AND LAND-USE

Yue Xiu Neo Metropolis Plaza is located in Zhongshanliu Road, Yue Xiu District, Guangzhou, Guangdong Province, the PRC. It is directly linked to Ximenkou Metro Station. Yue Xiu District is one of the oldest urban areas in Guangzhou where provincial and municipal governments are located and is a traditional shopping centre of Guangzhou where the commerce is very prosperous. The well-known commercial and shopping areas include Beijing Road Pedestrian Street, Yide Road Dried Seafood Market, Toy Street, White Horse Building, Zhuangyuanfang Stationary Street, Bar Street along Yanjiang Road, Gaodi Street Clothing Business Street, Street Market of Printing Ink and Presswork Products in Tiancheng Road, Decoration Market Street in Taikang Road, Lamp and Flower Market Street, Jiefang Road Electronic products Market Street, Haopan Street – Leather and Shoes Material Business Street and Huifu Road Food Street. All these have attracted the attention of numerous tourists and commercial investors.

2.2. SURROUNDING DEVELOPMENT AND ENVIRONMENTAL ISSUES

The Property is located in Yue Xiu District. Developments in the area comprise mainly a mixture of old and new mid-rise commercial buildings and residential developments, interspersed with older low to medium-rise residential buildings. The pedestrian traffic flow along that section of Zhongshanliu Road is heavy as it is located near the junction of Renmenzhong Road. We have no knowledge of any environmental concerns or contamination of the subject site and surrounding sites.

Due to the land registration system in the PRC, we cannot trace any information regarding to the previous development erected upon the subject site, therefore, we cannot comment on the likelihood of contamination and its effect on value nor ascertain the past use of the site.

2.3. ACCESSIBILITY

General accessibility to the Property is good as public transportation such as taxis and buses are available along Zhongshanliu Road and Reminzhong Road. Ximenkou Exit of Metro Station is directly connected to Basement 1 of the Property. It is located within approximately 20 minutes' driving distance from Guangzhou East Train Station.

Property Valuation Report

3. PROPERTY DESCRIPTION

Yue Xiu Neo Metropolis Plaza, a Grade B commercial complex, is located at Zhongshanliu Road, Yue Xiu District in Guangzhou's traditional urban shopping area. According to the information provided by the Manager, the development has a total gross floor area of approximately 85,750.76 sq.m.. It is a 26-storey commercial building (including a 3-level of basement) and was completed in 2005. The main entrance of the Property is onto the junction of Zhongshanliu Road and Remin Road North. Car parking facilities are provided within a 2-level basement whilst a podium garden, club, business centre and other ancillary facilities are located on Level 6 and Refuge Level. The layout and design of Yue Xiu Neo Metropolis Plaza is reasonable in comparison with other office buildings in the locality.

The Property is constructed of reinforced concrete with glazed tiling to the exterior elevations and is decorated with marble or granite wall and tiled floor at the main lobby. Main services comprising electricity, water and telecommunications are connected to the building. The building is subdivided into various units on all levels and is served by seven passenger lifts serving all levels. The standard of services and finishes within the development is considered to be reasonable and commensurate to other office buildings in the neighborhood. It is maintained in a reasonable condition commensurate to its age. Fire safety measures include automatic sprinkler heads, smoke detectors, fire alarm system and fire extinguishers are installed throughout the building.

4. OWNERSHIP

4.1. PORTION OF INTERESTS HELD BY YUEXIU REIT

Yuexiu REIT holds a portion of the building and the details of the interest are listed below:

Level	Use	Gross Floor Area (sq.m.)
Basements 2 and 3	Car park*	7,549.0
Basements 1 and 2	Common facilities	999.4
Basement 1 to Level 4	Commercial/Retail	15,445.5
Levels 5, 7 to 23	Office	34,441.8
Levels 1 to 6	Club house, common facilities and others	3,528.7
Total		61,964.4

* The total floor area of the car parking spaces is approximately 7,621.0 sq.m. including approximately 72.0 sq.m. to be distributed to the predecessor of the Domestic JV Partner

5. TENANCY DETAILS

5.1. RENTAL INCOME

According to the supplied rent roll as at the Date of Valuation, the existing net monthly rental income and equivalent annual net rental income was as follows:

Leased Gross Rentable Area	Monthly Rental Income	Annual Rental Income
49,314.8 sq.m.	RMB4,854,414.00	RMB58,252,968.00

According to the supplied information, we understand that rental income is exclusive of property management fee and other outgoings such as water, electricity, town gas, telephone, air-conditioning charges and so on. The Property is occupied by various tenants from various industries such as finance, insurance, real estate, information technology, telecommunications, manufacturing/ engineering, shipping and so on.

5.2. OCCUPANCY RATE

According to the information provided by the Manager, the majority portion of the Property was leased to various tenants as at the Date of Valuation. This equates to an occupancy rate of about 98.9% of the Property held by Yuexiu REIT.

5.3. LEASE CYCLE DURATION AND EXPIRY PROFILE

In general, the typical lease terms of the tenancies are on normal commercial terms. The details of the duration lease terms are shown below:

Lease term greater than (year)	Lease term less than or equal to (year)	By area
0	1	2.4%
1	2	25.0%
2	3	29.0%
3	4	6.2%
4	5	5.3%
5	6	8.4%
6	7	5.3%
7	8	1.6%
8	9	0%
9	10	16.8%
Total		100%

According to the renewed leases, the details of the lease expiry profile are shown below:

% of tenancies due to expire in each year by area (%)	By area
End of 2013	40.8%
End of 2014	18.5%
End of 2015	20.1%
End of 2016	19.7%
End of 2017 and thereafter	0.9%
	100.0%

5.4. SUMMARY OF MATERIAL RENTAL REVIEW PROVISIONS

We understand that the Property has no material rent review provisions. We are not aware of any sub-leases or tenancies or any material options or rights of pre-emption which may affect the value of the Property.

5.5. HISTORIC OUTGOINGS

As advised by the Manager, the total property management income covers all the property management expenses.

5.6. PROPERTY MANAGEMENT

A tenancy services agreement and an extension agreement were entered into between the Manager, Guangzhou Jieyacheng Properties Co. Ltd. (the "Property Company") and Guangzhou Yicheng Property Management Limited (the "Leasing Agent") on 7 December 2005 and 31 December 2010 for an initial term of three years and further extended to 31 December 2013. Under these two agreements the Leasing Agent is entitled to a remuneration of 4.0% of the gross revenue ("Service Fees") receivable by the Property Company from the operation of the Property.

As advised by the Manager, the monthly management fees are payable by the tenants to the Leasing Agent.

6. VALUATION

6.1. INCOME CAPITALISATION APPROACH

This approach converts the actual and anticipated net income from the Property into a value through the process of capitalization. The most common method of converting net income into value is by the “term and reversion” method. This approach estimates the value of the Property on a market value basis by capitalizing net rental income on a fully let basis having regard to the current passing rental income and potential future income from existing tenancies. In preparing our valuation, we have had regard to asking or transacted rental income comparables within the same and/or similar retail/ wholesale developments in the locality. For the purposes of market comparables compositions, we have identified a number of comparables from our own database, which is based on the most recent data available to us. Due to the limited number of actual transactions available, we have analysed lettings from a variety of buildings in the locality. In our assessment, the term yields adopted are 7.50% and 6.50% for office and retail portions of the Property respectively; and the reversionary yields 8.00% and 7.00% for office and retail portions of the Property respectively.

6.2. DISCOUNTED CASH FLOW METHOD

In our valuation, we have adopted various discount rates for the Property. The discount rate is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it reflects the opportunity cost of capital. In arriving at the discount rate, we have studied the current market situation for an investment return from comparables of similar types of properties. In arriving at the periodic cash flows prepared by us, we have considered the annual rental income growth rate to assess the projected rental income, which is applied to the cash flow upon expiry of the leases. We have estimated the rental income growth per annum during next 10 years for the Property. Rental income growth patterns for each tenancy reflect the rent review provisions of each lease, including staged rent increase where applicable. We have assumed that upon expiry of the tenancies, we will follow the terms of the renewed tenancies which are typically for two to three years. Upon expiry of such tenancies, new leases will be granted or renewed on three years terms at the then existing market rentals. No deduction has been made for the expected repair and maintenance costs as we understand from the Manager that the repair and maintenance costs, for maintaining the current condition of the Property, are covered by the management fees paid by tenants. We have also deducted amounts for business tax, stamp duty, urban real estate tax, flood prevention fee, insurance and service fees. In our assessment, we have valued the Property using the following assumptions:

Property Valuation Report

Items	
Discount Rate	9.5% (Office) and 9.00% (Retail)
Growth Rate (10-year Average)	3.00%
Vacancy Allowance (10-year Average)	1.00% (Office) and 1.00% (Retail)

Vacancy allowance is based on our local market knowledge on the supply and demand of the relevant property market in Guangzhou.

In our discounted cash flow, based on the information provided by the Manager, we have projected the following outgoings to be expended for the next 10 years on the building at the following amount:

Items	
Service Fees based on the Tenancy	4.00% of rental income
Energy and Utility Expenses	0.5% of rental income
Sundry Expenses	1.00% of rental income
Insurance	RMB3.50/sq.m./month
Business Tax and others	5.50% of rental income
Flood Prevention Fee	0.09% of rental income
Urban Real Estate Tax	12.00% of rental income
Stamp Duty	0.10% of rental income

6.3. OPINION OF VALUE

We have summarized the valuation results of each approach in the table below:

Valuation Method	Opinion of Value
Income Capitalization Approach	RMB751,000,000
Discounted Cash Flow Method	RMB748,000,000

Based on our valuation method of income capitalization approach including discounted cash flow method, we are of the opinion that the Market Value of the Property in its existing state as at the Date of Valuation is RMB749,000,000 (**RENMINBI SEVEN HUNDRED AND FORTY-NINE MILLION ONLY**) assuming it is available for sale in the market with the benefit of existing tenants and its property title being free from all material encumbrances or defects.

The Market Value of the Property is an average of values derived by income capitalization approach and discounted cash flow method.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF YUEXIU REAL ESTATE INVESTMENT TRUST

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

We have audited the consolidated financial statements of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (together, the "Group") set out on pages 174 to 228, which comprise the consolidated balance sheet as at 31 December 2012, and the consolidated statement of comprehensive income, distribution statement, consolidated statement of net asset attributable to unitholders and changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Consolidated Financial Statements

The Manager of Yuexiu REIT is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and is responsible for ensuring that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of 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"), and the relevant disclosure requirements set out in Appendix C of the Code on Real Estate Investment Trust established by the Securities and Futures Commission of Hong Kong (the "REIT Code"), and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

TO THE UNITHOLDERS OF YUEXIU REAL ESTATE INVESTMENT TRUST

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

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of Yuexiu REIT, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2012, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in the REIT Code.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 13 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	2012 RMB' 000	2011 RMB' 000
Revenue	5	712,201	522,286
Operating expenses	6	(348,495)	(213,883)
Fair value gain on investment properties	15	390,518	1,026,406
Finance income	9	53,752	90,688
Finance cost	10	(163,827)	(54,360)
Other income in relation to the acquisition of a subsidiary, net	28	94,053	—
Profit before income tax and transactions with unitholders		738,202	1,371,137
Income tax expense	11	(50,400)	(33,862)
Profit after income tax before transactions with unitholders		687,802	1,337,275
Transactions with unitholders	27	(692,312)	(1,337,275)
Loss after income tax after transactions with unitholders		(4,510)	—
Other comprehensive income for the year :			
Change in fair value of property, plant and equipment, net of tax			
– Gross		8,139	—
– Tax		(1,896)	—
Other comprehensive income for the year, net of tax		6,243	—
Total comprehensive income for the year		1,733	—

	Attributable to					Total RMB' 000
	Unitholders before transactions with unitholders RMB' 000	Transactions with unitholders (Note 27) RMB' 000	Unitholders after transactions with unitholders RMB' 000	Non-controlling interests RMB' 000		
Profit/(loss) for the year ended 31 December 2011	1,337,275	(1,337,275)	—	—	—	
Other comprehensive income	—	—	—	—	—	
Total comprehensive income for the year ended 31 December 2011	1,337,275	(1,337,275)	—	—	—	
Profit/ (loss) for the year ended 31 December 2012	686,473	(692,312)	(5,839)	1,329	(4,510)	
Other comprehensive income:						
Change in fair value of property, plant and equipment, net of tax	5,839	—	5,839	404	6,243	
Total comprehensive income for the year ended 31 December 2012	692,312	(692,312)	—	1,733	1,733	

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010 and third supplemental deed on 25 July 2012 (the "Trust Deed"), Yuexiu REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial year. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders' funds are disclosed in the consolidated balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement on page 178.
- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders attributable to unitholders and the average number of units in issue, is presented in Note 12.

The notes on pages 182 to 228 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	2012 RMB' 000	2011 RMB' 000
Non-current assets			
Property, plant and equipment	13	2,287,311	10
Land use rights	14	1,675,679	—
Investment properties	15	18,264,000	6,471,000
Deferred assets	17	116,497	39,104
Goodwill	18	160,324	160,324
Top-up payment asset, non-current portion	19	232,448	—
		22,736,259	6,670,438
Current assets			
Inventories		3,971	—
Trade receivables	20	11,291	—
Amounts due from related parties	30	987,679	—
Tax recoverable		1,935	2,248
Prepayments, deposits and other receivables	21	24,756	6,831
Top-up payment asset, current portion	19	209,200	—
Short-term bank deposits	22	125,000	175,111
Cash and cash equivalents	22	774,021	520,650
		2,137,853	704,840
Total assets		24,874,112	7,375,278
Current liabilities			
Trade payables	24	8,677	—
Rental deposits, current portion	25	73,289	54,055
Receipts in advance	25	24,839	7,986
Accruals and other payables	25	1,408,820	44,944
Amounts due to related parties	30	46,290	22,179
Bank borrowings, secured	26	300,000	—
		1,861,915	129,164

	Note	2012 RMB' 000	2011 RMB' 000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	25	121,431	72,576
Bank borrowings, secured	26	8,057,636	1,978,169
Deferred tax liabilities	23	2,226,428	100,105
		10,405,495	2,150,850
Total liabilities, other than net assets attributable to unitholders			
		12,267,410	2,280,014
Net assets attributable to unitholders	27	12,524,083	5,095,264
Total liabilities			
		24,791,493	7,375,278
Net assets			
Equity			
Revaluation reserve		5,839	—
Retained earnings		(5,839)	—
		—	—
Non-controlling interests		82,619	—
Total equity			
		82,619	—
Net current assets			
		275,938	575,676
Total assets less current liabilities			
		23,012,197	7,246,114
Units in issue ('000)	27	2,743,210	1,065,973
Net assets (including net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)			
		RMB4.57	RMB4.78
Net assets (excluding net assets attributable to deferred unitholder) attributable to existing unitholders per unit (RMB)			
		RMB3.79	RMB4.78

On Behalf of the Board of Directors of the Manager.

Liang Ningguang
Director

Liu Yongjie
Director

The notes on pages 182 to 228 are an integral part of these consolidated financial statements.

DISTRIBUTION STATEMENT

For the year ended 31 December 2012

	Note	2012 RMB' 000	2011 RMB' 000
Profit after income tax before transactions with unitholders attributable to unitholders		686,473	1,337,275
Adjustments for the total distributable income (i)			
– Fair value gains on investment properties		(390,518)	(1,026,406)
– Deferred taxation in respect of fair value gain on investment property charged to the consolidated statement of comprehensive income		28,522	18,687
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(33,206)	(10,230)
– Foreign exchange gain on financing activities		(18,255)	(87,905)
– Excess of the fair value of net liabilities of a subsidiary acquired over acquisition cost	28	(290,477)	—
Total distributable income		(17,461)	231,421
Additional items (ii)			
– Cash received and/or receivable according to the Deed of Top-up Payments		129,700	—
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		28,091	—
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)		35,151	—
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		3,363	—
– Manager’s fee paid and payable in units in lieu of cash		32,036	—
– Expenses incurred in connection with the acquisition of a subsidiary		196,424	—
– Interest income from top-up payment asset		(3,861)	—
Distributable income after additional items		403,443	231,421
Distributable amount at 1 January		113,170	104,750
Distributions paid during the year (iii)	27	(275,075)	(223,001)
Add: special distribution paid during the year (iii)		43,120	—
Final distribution declared		284,658	113,170
Distribution per unit, declared (iv)		RMB0.1037	RMB0.1062

Note:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant year.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) A final distribution for the period from 1 July 2011 to 31 December 2011 of RMB0.1062 (equivalent to HK\$0.1308) per unit, interim distribution for the period from 1 January 2012 to 30 June 2012 of RMB0.1114 (equivalent to HK\$0.1367) per unit, and a special distribution of RMB0.0635 (equivalent to HK\$0.0780) per unit, totalling RMB275,075,000 (equivalent to HK\$338,075,000) (2011: RMB223,001,000, equivalent to HK\$242,402,000), were paid to unitholders on 9 May 2012, 26 October 2012 and 6 November 2012 respectively.
- (iv) A final distribution for the period from 1 July 2012 to 31 December 2012 of RMB0.1037 (equivalent to HK\$0.1282) per unit, totaling RMB284,658,000 (equivalent to HK\$351,911,000) was declared by the Board of the Manager on 13 March 2013.

The notes on pages 182 to 228 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY

For the year ended 31 December 2012

	Equity					Total RMB' 000
	Net assets attributable to unitholders RMB' 000	Retained earnings RMB' 000	Revaluation reserve RMB' 000	Non- controlling interests RMB' 000		
At 1 January 2011	3,980,990	—	—	—		3,980,990
Profit for the year ended 31 December 2011, before transactions with unitholders	1,337,275	—	—	—		1,337,275
Distributions paid to unitholders	(223,001)	—	—	—		(223,001)
At 31 December 2011	5,095,264	—	—	—		5,095,264
At 1 January 2012	5,095,264	—	—	—		5,095,264
Issuance of units	4,882,001	—	—	—		4,882,001
Issuance of deferred units	2,129,581	—	—	—		2,129,581
Acquisition of a subsidiary	—	—	—	80,886		80,886
Profit for the year ended 31 December 2012 attributable to:						
– Unitholders	692,312	—	—	—		692,312
– Equity holders	—	(5,839)	—	1,329		(4,510)
Distributions paid to unitholders	(275,075)	—	—	—		(275,075)
Change in fair value of property, plant and equipment, net of tax	—	—	5,839	404		6,243
At 31 December 2012	12,524,083	(5,839)	5,839	82,619		12,606,702

The notes on pages 182 to 228 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	2012 RMB' 000	2011 RMB' 000
Cash flows from operating activities			
Cash generated from operations	29	223,767	321,442
Interest paid		(145,465)	(36,984)
Corporate income tax paid		(6,932)	(9,290)
Net cash generated from operating activities		71,370	275,168
Cash flows from investing activities			
Additions of investment properties		(12,482)	(12,094)
Interest received		31,636	2,783
Decrease/ (increase) in short-term bank deposits with original maturity of more than three months		50,111	(175,111)
Acquisition of a subsidiary	28	(4,680,286)	—
Net cash used in investing activities		(4,611,021)	(184,422)
Cash flows from financing activities			
Distributions paid		(275,075)	(223,001)
Proceeds from bank borrowings, net of transaction costs		2,437,877	1,994,060
Repayment of bank borrowings		(554,018)	(1,720,110)
Issuance of units		3,184,238	—
Net cash generated from financing activities		4,793,022	50,949
Net increase in cash and cash equivalents		253,371	141,695
Cash and cash equivalents at beginning of the year		520,650	378,955
Cash and cash equivalents at end of the year	22	774,021	520,650

The notes on pages 182 to 228 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2012

1 GENERAL INFORMATION

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

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between the Manager and HSBC Institutional Trust Services (Asia) Limited, as the Trustee of Yuexiu REIT (the “Trustee”) on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010 and Third supplemental deed dated 25 July 2012) (the “Trust Deed”) and authorised under section 104 of the Securities and Futures Ordinance (“SFO”) subject to the applicable conditions imposed by Securities and Futures Commission (“SFC”) from time to time.

The address of its registered office is 24/F, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are prepared in Renminbi (“RMB”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Manager on 13 March 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Amendments to existing standards effective in 2012 but not relevant to the Group:

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2012.

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets
HKFRS 1 (Amendment)	Disclosures – Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

- (i) Amendments to existing standards effective in 2012 but not relevant to the Group: (continued)

Under the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances. The Group rebutted this presumption as the Manager considered that the investment properties that are measured using the fair value model will be recovered through use under Yuexiu REIT for the purpose of measuring deferred tax in respect of such properties. As a result, the adoption of the above amendments to existing standards does not have material impact on the Group’s financial performance and position.

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

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Investment in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial instruments : Presentation - Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 1 (Amendment)	First time adoption – Government loans	1 January 2013
HKFRS 7 (Amendment)	Financial instruments : Disclosures - Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 10 and HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosures of Interest in Other Entities: Transitional Guidance	1 January 2013

Notes to the Consolidated Financial Statements

As at 31 December 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

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

		Effective for accounting periods beginning on or after
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HK (IFRIC) - Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
Annual Improvement Project	Annual improvements 2009-2011 cycle	1 January 2013

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation

(i) *Subsidiaries*

The consolidated financial statements include the financial statements of Yuexiu REIT and all of its subsidiaries made up to 31 December 2012.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) *Business Combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

Notes to the Consolidated Financial Statements

As at 31 December 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(ii) *Business Combinations* (continued)

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(c) Segment reporting

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

(d) Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties

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

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the consolidated statement of comprehensive income.

(g) Goodwill

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

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

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

(h) Impairment of non-financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Inventories

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

(j) Loan and other receivables

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

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

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

(k) Land use rights

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

(l) Rental deposits

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Cash and cash equivalents

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

(n) Trade payables

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

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

(o) Provisions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Borrowings

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

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

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

(q) Borrowing costs

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

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income.

(i) *Current income tax*

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

Notes to the Consolidated Financial Statements

As at 31 December 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Current and deferred income tax (continued)

(ii) *Deferred income tax*

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

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

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

(iii) *Offsetting*

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

(s) Revenue recognition

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

(i) *Rental income*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(ii) *Hotel and serviced apartment income*

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

(iii) *Interest income*

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

(t) Distributions to unitholders

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

(u) Employee benefits

(i) *Pension obligations*

The Group participates in various defined contribution plans under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Notes to the Consolidated Financial Statements

As at 31 December 2012

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

(i) Market risk

(A) Foreign exchange risk

The Group operates in China with most of the transactions denominated in RMB. The Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents, short-term bank deposits, accruals and other payables, amount due to a related party and bank borrowings, denominated in primarily in Hong Kong dollar ("HK\$") and United States dollar ("USD"). The Group has not specifically hedged this exposure considering the steady appreciation of RMB spot rate against HK\$ and USD in recent years and it is of the view that such appreciation will continue on a stable and predictable trend.

At 31 December 2012 and 2011, if RMB had weakened/strengthened by 1% against HK\$ and USD with all other variables held constant, post-tax profit for the year ended 31 December 2012 would have been approximately RMB38,391,000 (2011: RMB16,364,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK\$ and USD denominated cash and cash equivalents, short-term bank deposits, accruals and other payables, amount due to a related party and bank borrowings.

(B) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by deposits, held at variable rate. Under the Group's interest rate management policy, the Group generally raises borrowings at floating rates and may use floating-to-fixed interest rate swaps to manage the risk where the Group forecasts a significant rise in interest charge in the foreseeable future.

The Group did not enter any swaps for its floating-rate borrowing as at 31 December 2012 and 2011. At 31 December 2012 and 2011, if interest rates on borrowing had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been approximately RMB36,589,000 (2011: RMB18,207,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk

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

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

	2012 RMB' 000	2011 RMB' 000
Counterparty		
Ping An Bank (Previously known as Shenzhen Development Bank)	393,806	292,273
Shanghai Pudong Development Bank	125,000	—
DBS Bank Ltd. Hong Kong Branch	249,046	—
	767,852	292,273

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

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

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

Notes to the Consolidated Financial Statements

As at 31 December 2012

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and operating cash flow. The Group has short-term bank deposits and cash and cash equivalents of RMB899,021,000 as at 31 December 2012 (2011: RMB695,761,000). Due to the nature of the underlying businesses, the Manager maintains flexibility by adjusting the amount of distributions to be paid for the percentage in excess of 90% of the distributable income.

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

	Within one year RMB' 000	Between one and two years RMB' 000	Between two and five years RMB' 000	Over five years RMB' 000	Total RMB' 000
As at 31 December 2012					
Rental deposits	73,289	59,295	53,661	12,246	198,491
Trade payables	8,677	—	—	—	8,677
Accruals and other payables	1,389,984	—	—	—	1,389,984
Amounts due to related parties	46,290	—	—	—	46,290
Bank borrowings, secured					
- Principal to be repaid	300,000	2,330,048	3,159,562	2,600,000	8,389,610
- Interest payables	396,961	352,909	712,398	627,920	2,090,188
As at 31 December 2011					
Rental deposits	54,055	9,291	62,416	4,721	130,483
Trade payables	—	—	—	—	—
Accruals and other payables	44,944	—	—	—	44,944
Amounts due to related parties	22,179	—	—	—	22,179
Bank borrowings, secured					
- Principal to be repaid	—	—	2,028,371	—	2,028,371
- Interest payables	44,262	44,262	35,046	—	123,570

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management

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

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

During 2012, the Group's strategy, which was unchanged from 2011, was to maintain a gearing ratio not exceeding 45%. The gearing ratios at 31 December 2012 and 2011 were as follows:

	2012 RMB' 000	2011 RMB' 000
Total borrowings (Note 26)	8,357,636	1,978,169
Total asset value	24,874,112	7,375,278
Gearing ratio	34%	27%

The increase in gearing ratio is mainly due to acquisition of Guangzhou IFC during the year.

(c) Fair value estimation

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

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

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4 CRITICAL ACCOUNTING ESTIMATES

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

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

(a) Estimate of fair value of investment properties

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

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

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

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

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

(b) Estimate of impairment of goodwill

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

5 REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

	Hotel and serviced apartment RMB' 000	Office rental RMB' 000	Wholesale and shopping mall RMB' 000	Group RMB' 000
Year ended 31 December 2012				
Revenue from external customers	68,977	247,966	395,258	712,201
Segment results	(22,503)	386,751	486,994	851,242
Depreciation and amortisation	34,460	681	10	35,151
Fair value gain on investment properties	—	159,854	230,664	390,518
Year ended 31 December 2011				
Revenue from external customers	—	163,131	359,155	522,286
Segment results	—	442,014	942,673	1,384,687
Depreciation and amortisation	—	—	803	803
Fair value gain on investment properties	—	330,106	696,300	1,026,406
As at 31 December 2012				
Total reportable segments' assets	4,892,058	14,896,971	4,856,177	24,645,206
As at 31 December 2011				
Total reportable segments' assets	—	2,637,814	4,567,829	7,205,643

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5 REVENUE AND SEGMENT INFORMATION (continued)

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

	Year ended 31 December	
	2012	2011
	RMB' 000	RMB' 000
Segment results	851,242	1,384,687
Unallocated operating costs (note)	(97,018)	(49,878)
Operating profit	754,224	1,334,809
Finance income	53,752	90,688
Finance cost	(163,827)	(54,360)
Other income in relation to the acquisition of a subsidiary, net	94,053	—
Profit before income tax and transactions with unitholders	738,202	1,371,137

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

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

	As at 31 December	
	2012	2011
	RMB' 000	RMB' 000
Total reportable segments' assets	24,645,206	7,205,643
Tax recoverable	1,935	2,248
Corporate assets	226,971	167,387
Total assets	24,874,112	7,375,278

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2012	2011	2012	2011
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
China	712,201	522,286	24,645,206	7,205,643
Unallocated assets			228,906	169,635
			24,874,112	7,375,278

6 EXPENSES BY NATURE

	2012 RMB' 000	2011 RMB' 000
Property management fees (i)	20,569	17,828
Employee benefit expenses (Note 7)	26,059	—
Urban real estate tax	79,825	61,987
Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	42,747	29,718
Withholding tax (ii)	50,187	47,060
Depreciation of property, plant and equipment	22,830	803
Amortisation of land use rights	12,321	—
Cost of inventories sold or consumed in operation	10,746	—
Manager's fee (Note 8)	49,756	34,414
Trustee's fee	3,453	2,213
Valuation fees	470	565
Legal and professional fee	245	3,822
Auditor's remuneration	2,500	1,496
Bank charges	1,866	901
Others	24,921	13,076
Total operating expenses	348,495	213,883

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 (Note 30).
- (ii) Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

7 EMPLOYEE BENEFIT EXPENSE

	2012 RMB' 000	2011 RMB' 000
Wages, salaries and bonus	14,188	—
Pension costs	1,297	—
Medical benefits costs	793	—
Social security costs	1,081	—
Staff welfare	8,700	—
	26,059	—

Pension scheme arrangements

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

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8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the value of the deposited property, as defined in the Trust Deed and a service fee of 3% per annum of net property income for each of the six months ended 30 June 2012 and 31 December 2012, as defined in the Trust Deed.

	2012 RMB' 000	2011 RMB' 000
Manager's fee:		
In the form of units	32,036	—
In the form of cash	17,720	34,414
	49,756	34,414

Pursuant to the circular of Yuexiu REIT dated 30 June 2012, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017 will be made in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the year ended 31 December 2012 are expected to be issued on 28 March 2013. Also in accordance with the Trust Deed, the issue price of the units (and consequentially the number of units to be issued to the Manager) will be calculated based on the the higher of (i) the closing price of the units on the trading day immediately preceding 28 March 2013 and (ii) the average closing price of the units in the 10 trading days immediately preceding 28 March 2013.

9 FINANCE INCOME

	2012 RMB' 000	2011 RMB' 000
Interest income from bank deposits	9,507	2,783
Interest income from a related company	22,129	—
Interest income from top-up payment asset	3,861	—
Foreign exchange gain on financing activities	18,255	87,905
	53,752	90,688

10 FINANCE COST

	2012 RMB' 000	2011 RMB' 000
Interest expense for bank borrowings	145,465	36,984
Amortisation of transaction costs for bank borrowings	18,362	17,376
	163,827	54,360

11 INCOME TAX EXPENSE

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 6 (ii).

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

	2012 RMB' 000	2011 RMB' 000
Current income tax		
– China corporate income tax	8,954	9,089
– Under-provision in prior years	226	179
Deferred income tax (Note 23)	41,220	24,594
	50,400	33,862

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

	2012 RMB' 000	2011 RMB' 000
Profit before income tax and transactions with unitholders	738,202	1,371,137
Tax calculated at domestic tax rate of 25%	184,550	342,784
Income not subject to tax	(175,522)	(319,651)
Expenses not deductible for tax purposes	34,953	2,787
Under-provision in prior years	226	179
Withholding tax on unremitted earnings of a subsidiary	6,193	7,763
	50,400	33,862

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12 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

(a) Basic

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

	2012	2011
Profit after income tax before transactions with unitholders attributable to unitholders (RMB' 000)	686,473	1,337,275
Weighted average number of units in issue (' 000)	1,438,449	1,065,973
Basic earnings per unit (RMB)	0.48	1.25

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the year which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the deferred units. The number of units calculated for manager's fee in form units was calculated based on the closing price of Yuexiu REIT as at 31 December 2012.

	2012	2011
Profit after income tax before transactions with unitholders attributable to unitholders (RMB' 000)	686,473	1,337,275
Weighted average number of units in issue (' 000)	1,438,449	1,065,973
Adjustments for deferred units (' 000)	168,294	—
Adjustments for manager's fee in form of units (' 000)	5,365	—
Weighted average number of units for diluted earnings per unit (' 000)	1,612,108	1,065,973
Diluted earnings per unit (RMB)	0.43	1.25

13 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartment	Office supplies	Motor vehicles	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 1 January 2011				
Cost	—	12,203	—	12,203
Accumulated depreciation	—	(11,390)	—	(11,390)
Net book amount	—	813	—	813
Year ended 31 December 2011				
Opening net book amount	—	813	—	813
Depreciation	—	(803)	—	(803)
Closing net book amount	—	10	—	10
At 31 December 2011				
Cost	—	12,203	—	12,203
Accumulated depreciation	—	(12,193)	—	(12,193)
Net book amount	—	10	—	10
Year ended 31 December 2012				
Opening net book amount	—	10	—	10
Disposals	—	(3)	—	(3)
Acquisition of a subsidiary (Note 28)	2,292,000	492	9,503	2,301,995
Depreciation	(22,139)	(66)	(625)	(22,830)
Fair value gain on revaluation	8,139	—	—	8,139
Closing net book amount	2,278,000	433	8,878	2,287,311
At 31 December 2012				
Cost	2,292,000	12,692	9,503	2,314,195
Accumulated depreciation	(22,139)	(12,259)	(625)	(35,023)
Fair value gain on revaluation	8,139	—	—	8,139
Net book amount	2,278,000	433	8,878	2,287,311

Hotel and serviced apartment was revalued on the basis of its open market value by independent professional qualified valuers, Savills Valuation and Professional Services Limited as at 31 December 2012.

If hotel and serviced apartment had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of RMB2,269,861,000 (2011: nil).

As at 31 December 2012, property, plant and equipment with an aggregate carrying amount of RMB2,278 million (2011: nil) were pledged as collateral for the Group's bank borrowings (Note 26).

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14 LAND USE RIGHTS

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

	2012 RMB' 000	2011 RMB' 000
At 1 January	—	—
Acquisition of a subsidiary (Note 28)	1,688,000	—
Amortisation	(12,321)	—
At 31 December	1,675,679	—

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

	31 December 2012 RMB' 000	31 December 2011 RMB' 000
In China:		
Land use rights of between 10 and 50 years	1,675,679	—

As at 31 December 2012, the fair value of land use rights is approximately RMB1,784 million. The change in fair value is not reflected in the financial statements.

As at 31 December 2012, land use rights were pledged with an aggregate net book amount of RMB1,676 million (2011: nil) as collateral for the Group's bank borrowings (Note 26).

15 INVESTMENT PROPERTIES

	2012 RMB' 000	2011 RMB' 000
At 1 January	6,471,000	5,432,500
Additions during the year	12,482	12,094
Acquisition of a subsidiary (Note 28)	11,390,000	—
Fair value gains during the year	390,518	1,026,406
At 31 December	18,264,000	6,471,000

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

The investment properties were revalued at 31 December 2012 by Savills Valuation and Professional Services Limited, independent professional qualified valuers. Valuations were performed using discounted cash flow projections based on estimates of future cash flows, derived from the terms of any existing lease and other contracts, and from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In the consolidated statement of comprehensive income, direct operating expenses relating to investment properties amounted to RMB104,696,229 (2011: RMB81,643,000). Included in the direct operating expenses, RMB7,254,226 (2011: RMB269,558) was relating to investment properties that were vacant.

As at 31 December 2012, investment properties with an aggregate net book value of approximately RMB17,496 million (2011: RMB5,742 million) were pledged as collateral for the Group's bank borrowings (Note 26).

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16 SUBSIDIARIES

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital	Interest held (note)
GZI REIT (Holding) 2005 Company Limited ("HoldCo 2005")	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1 each	100%
Yuexiu REIT 2012 Company Limited ("HoldCo 2012") ¹	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1 each	100%
Partat Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1 each	100%
Moon King Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1 each	100%
Full Estates Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1 each	100%
Keen Ocean Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1 each	100%
Metrogold Development Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1 each	100%
Guangzhou Jieyacheng Properties Company Limited	China, limited liability company	Leasing of commercial properties in China	Registered capital of RMB92 million	100%
Tower Top Development Ltd. ¹	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary share of USD1 each	99.99%
Bliss Town Holdings Ltd. ¹	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1 each	99.99%

16 SUBSIDIARIES (continued)

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

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16 SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital	Interest held (note)
Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd ¹	China, limited liability company	Property management	Registered capital of RMB2,650 million	98.99%
Guangzhou IFC Hospitality Management Co. Ltd ¹	China, limited liability company	Hospitality management	Registered capital of RMB5 million	98.99%

¹ These subsidiaries are either incorporated or acquired during the year ended 31 December 2012.

Note:

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

17 DEFERRED ASSETS

Rental income is recognised on an accruals basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets. Deferred assets which are expected to be realised twelve months after the balance sheet date are classified as non-current assets. The deferred assets are denominated in RMB.

18 GOODWILL

	RMB' 000
At 31 December 2012	
Cost	160,324
Accumulated impairment	—
	160,324
31 December 2012	
Net book amount	160,324
At 31 December 2011	
Cost	160,324
Accumulated impairment	—
	160,324
31 December 2011	
Net book amount	160,324

Impairment test for goodwill

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

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

	2012	2011
Growth rate per annum	4%	4%
Discount rate per annum	6.1%	7.6%

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

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19 TOP-UP PAYMENT ASSET

During the year, the Group acquired Guangzhou IFC from Yuexiu Property Company Limited (“YXP”). Please refer to Note 28 for details. Pursuant to the acquisition, YXP agreed to provide income support to Yuexiu REIT for the period from 1 July 2012 until 31 December 2016 for the hotel and serviced apartment business. The top-up payment is the shortfall of actual gross operating profits (“GOP”) and the guaranteed GOP of hotel and serviced apartments.

Top-up payment asset is recognised as financial assets in Yuexiu REIT.

It is initially recognised at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cashflows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 3.575% per annum. Top-up payment asset is subsequently carried at amortised cost using the effective interest method. The expected future cash flows is under revision regularly. The carrying amount of top-up payment asset will be adjusted to reflect the actual and revised estimated cash flows, by computing the present value of estimated future cash flows at the original effective interest rate. The adjustment is recognised in “finance cost”.

20 TRADE RECEIVABLES

	Group	
	31 December 2012 RMB' 000	31 December 2011 RMB' 000
Trade receivables	11,291	—

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:

	Group	
	31 December 2012 RMB' 000	31 December 2011 RMB' 000
0 - 30 days	9,051	—
31 - 90 days	1,325	—
91 - 180 days	915	—
	11,291	—

As at 31 December 2012, trade receivables of approximately RMB11,291,000 (2011: nil) were fully performing.

As at 31 December 2012, nil trade receivables (2011: nil) were past due.

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

22 SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2012 RMB' 000	2011 RMB' 000
Cash at bank and on hand	529,034	308,169
Short-term bank deposits with original maturity of less than three months	244,987	212,481
Cash and cash equivalents	774,021	520,650
Short-term bank deposits with original maturity of more than three months	125,000	175,111
Total	899,021	695,761
Maximum exposure to credit risk	898,679	695,761

As at 31 December 2012, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB566,083,000 (2011: RMB267,376,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of the China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of short-term bank deposits and cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates as disclosed in Note 3 (a) (ii). The existing counterparties do not have defaults in the past.

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

	2012 RMB' 000	2011 RMB' 000
HK\$	300,914	383,699
RMB	566,425	267,376
USD	31,682	44,686
	899,021	695,761

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23 DEFERRED TAX LIABILITIES

	2012 RMB' 000	2011 RMB' 000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	2,226,428	100,105

The movements in deferred tax liabilities during the year are as follows:

	Fair value gains RMB' 000	Withholding tax in respect of unremitted operating profits of subsidiaries RMB' 000	Others RMB' 000	Total RMB' 000
At 1 January 2011	57,681	6,406	11,424	75,511
Charged to the consolidated statement of comprehensive income (Note 11)	18,687	2,727	3,180	24,594
At 31 December 2011	76,368	9,133	14,604	100,105
At 1 January 2012	76,368	9,133	14,604	100,105
Charged to the consolidated statement of comprehensive income (Note 11)	28,522	6,327	6,371	41,220
Charged to reserve	1,896	—	—	1,896
Acquisition of a subsidiary (Note 28)	1,845,827	223,510	13,870	2,083,207
At 31 December 2012	1,952,613	238,970	34,845	2,226,428

There is no significant unprovided deferred taxation as at 31 December 2012 (2011: nil).

24 TRADE PAYABLES

	Group	
	31 December 2012 RMB' 000	31 December 2011 RMB' 000
Trade payables	8,677	—

The fair value of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

	Group	
	31 December 2012 RMB' 000	31 December 2011 RMB' 000
0 - 30 days	7,762	—
31 - 90 days	829	—
91 - 180 days	86	—
	8,677	—

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

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25 RENTAL DEPOSITS, RECEIPTS IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	2012 RMB' 000	2011 RMB' 000
Rental Deposits		
Current portion	73,289	54,055
Non-current portion	121,431	72,576
	194,720	126,631
Receipts in advance	24,839	7,986
Provision for withholding tax payable	7,518	7,603
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	11,318	5,727
Construction fee payable	1,287,907	3,685
Accruals for operating expenses	102,077	27,929
Accruals and other payables	1,408,820	44,944
	1,628,379	179,561

The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate their fair values.

26 BANK BORROWINGS, SECURED

	2012 RMB' 000	2011 RMB' 000
Current	300,000	—
Non-current	8,057,636	1,978,169

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

- investment properties of Partat Investment Limited, Moon King Limited, Full Estates Investment Limited and Keen Ocean Limited amounting to RMB6,046,400,000;
 - assignment of rental income and all other proceeds arising from the above investment properties and of all tenancy agreements relating to the above investment properties;
 - equity interests of Partat Investment Limited, Moon King Limited, Full Estates Investment Limited, Keen Ocean Limited and Metrogold Development Limited, subsidiaries of the Group;
 - equity interests of Yuexiu REIT 2012, Tower Top, BVI Holdcos¹, HK Holdcos² and PRC Holdcos³;
 - present and future assets (including but not limited to: (a) a charge over any interest-bearing accounts (the “Charged Accounts”), (b) a floating charge over all assets, (c) an assignment of dividends and all other revenue generated) of Yuexiu REIT 2012, Tower Top, BVI Holdcos and HK Holdcos, subsidiaries of the Group;
 - all right, title and interest in all present and future loans of Yuexiu REIT 2012, Tower Top, BVI Holdcos and HK Holdcos;
 - all the right, title and interest of HK Holdcos in its project related services contract with Tower Top (operation, management, staffing, marketing, procurement and other related services for Guangzhou International Finance Center (“Guangzhou IFC”));
 - all the right, title and interest of the Trustee in the Subscription Deed (deed for the subscription of shares in Tower Top Development Ltd. (“Tower Top”)) and the Indebtedness Agreement.
- ¹ “BVI Holdcos” include Bliss Town Holdings Ltd., Hoover Star International Ltd., Miller Win Group Ltd., Shinning Opal Management Ltd.
- ² “HK Holdcos” include Ever Joint Investment International Limited, Long Grace Holdings Limited, Profit Link Investment International Limited and San Bright Holdings Limited.
- ³ “PRC Holdcos” include 廣州越程實業有限公司, 廣州越聲實業有限公司, 廣州越匯實業有限公司 and 廣州越力實業有限公司.

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26 BANK BORROWINGS, SECURED (continued)

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

	2012 RMB' 000	2011 RMB' 000
Within one year	300,000	—
Between two and five years	5,457,636	1,978,169
Over five years	2,600,000	—

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

	2012	2011
RMB	7.76%	—
HK\$	2.31% to 3.33%	2.18%

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

	2012 RMB' 000	2011 RMB' 000
RMB	4,250,000	—
HK\$	4,107,636	1,978,169
	8,357,636	1,978,169

The Group has no undrawn borrowing facilities as at 31 December 2012 (2011: nil).

27 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2012 RMB' 000	2011 RMB' 000
At 1 January	5,095,264	3,980,990
Issuance of units	4,882,001	—
Issuance of deferred units	2,129,581	—
Transfer from the consolidated statement of comprehensive income	692,312	1,337,275
Distributions paid during the year	(275,075)	(223,001)
At 31 December	12,524,083	5,095,264

	2012 RMB' 000	2011 RMB' 000
Net assets attributable to existing unitholders	10,394,502	5,095,264
Net assets attributable to deferred unitholder (<i>Note</i>)	2,129,581	—
	12,524,083	5,095,264

Note:

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

The movement of existing units is as below:

	2012 ' 000	2011 ' 000
At 1 January	1,065,973	1,065,973
Units issued during the year (Note)	1,677,237	—
At 31 December	2,743,210	1,065,973

Note:

During the year, 1,677,237,000 unites were issued for the acquisition of a subsidiary.

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28 OTHER INCOME IN RELATION TO THE ACQUISITION OF A SUBSIDIARY, NET

	RMB'000
Excess of the fair value of net liabilities of a subsidiary assumed over acquisition cost	290,477
Legal and professional expenses incurred in relation to the acquisition	(122,132)
Unit issuance costs	(74,292)
	94,053

On 8 October 2012, the Group acquired 99% of the share capital of Tower Top Development Ltd. and its subsidiaries (collectively known as "Tower Top Group") from YXP for approximately RMB8,933 million and obtained the control of Tower Top Group, which is principally engaged in the development, selling and management of properties, and holding of Guangzhou IFC. The Tower Top Group's operations are conducted in China.

Details of the net liabilities assumed and excess of the fair value of net liabilities of a subsidiary assumed over acquisition cost are as follows:

	RMB'000
Purchase consideration:	
Cash paid	(5,105,455)
Consideration units issued	(1,697,763)
Deferred units issued	(2,129,581)
Top-up payment asset (Note 19)	437,787
	(8,495,012)
In respect of indebtedness arrangement (Note)	8,850,027
	355,015
Purchase consideration for acquisition	355,015
Less: Fair value of net identifiable liabilities acquired (see below)	(64,538)
	290,477

28 OTHER INCOME IN RELATION TO THE ACQUISITION OF A SUBSIDIARY, NET (continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair value RMB' 000
Property, plant and equipment	2,301,995
Land use rights	1,688,000
Investment properties	11,390,000
Deferred assets	54,182
Inventories	3,272
Tax recoverable	1,935
Prepayments, deposits and other receivables	86,239
Amount due from a related party	999,058
Cash and cash equivalents	425,169
Trade payables	(9,879)
Accruals and other payables	(1,494,888)
Amount due to a related party	(8,850,027)
Bank borrowings, secured	(4,495,501)
Deferred tax liabilities	(2,083,207)
	16,348
Non-controlling interests	(80,886)
Net identifiable liabilities assumed	(64,538)
Cash outflow to acquire business, net of cash acquired:	
Purchase consideration	(5,105,455)
Cash and cash equivalents in the subsidiary acquired	425,169
Cash outflow on acquisition	(4,680,286)

Note:

Pursuant to the terms of indebtedness agreement, YXP has agreed to transfer and assign the entire amount owed by Tower Top to YXP at the completion date of the acquisition to Yuexiu REIT.

The revenue included in the consolidated income statement since 8 October 2012 contributed by Tower Top Group was RMB166,953,000. Tower Top Group also contributed profit of RMB17,676,000 over the same period. Had Tower Top Group been consolidated from 1 January 2012, Tower Top Group would contribute revenue of RMB474,581,000 and profit of RMB1,149,078,000.

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29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2012 RMB' 000	2011 RMB' 000
Profit before income tax and transactions with unitholders	738,202	1,371,137
Adjustments for:		
– Depreciation expenses	22,830	803
– Amortisation of land use right	12,321	—
– Amortisation of transaction costs for bank borrowings	18,362	17,376
– Foreign exchange gains on financing activities	(18,255)	(87,905)
– Fair value gains on investment properties	(390,518)	(1,026,406)
– Interest income	(31,636)	(2,783)
– Interest income from top-up payment asset	(3,861)	—
– Interest expenses	145,465	36,984
– Excess of the fair value of net liabilities of a subsidiary acquired over acquisition cost	(290,477)	—
Changes in working capital:		
– Deferred assets	(23,211)	3,165
– Inventories	(696)	—
– Trade receivables	(11,291)	—
– Amounts due from related companies	11,379	—
– Prepayments, deposits and other receivables	68,314	375
– Trade payables	(1,202)	—
– Rental deposits	68,089	8,439
– Receipts in advance	16,853	(1,021)
– Accruals and other payables	(131,012)	(4,145)
– Amounts due to related parties	24,111	5,423
Cash generated from operations	223,767	321,442

Significant non-cash transaction:

Consideration units issued of RMB1,697,763,000 and deferred units issued of RMB2,129,581,000 to YXP in relation to the acquisition of Tower Top Group are recognised as net assets attributable to unitholders.

30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2012, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 35% (2011: 36%) of Yuexiu REIT's units. The remaining 65% (2011: 64%) of the units are widely held.

The table set forth below summarised the names of connected/related parties and nature of relationship with Yuexiu REIT as at 31 December 2012:

Connected/related party	Relationship with Yuexiu REIT
Yuexiu Property Company Limited ("YXP") ¹	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") ¹	A subsidiary of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") ¹	A subsidiary of YXP
Guangzhou Yicheng Property Management Ltd. ("Yicheng") ¹	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV") ¹	A subsidiary of YXP
Guangzhou White Horse Property Management Co., Ltd. ("White Horse PM") ¹	A subsidiary of YXP
Guangzhou City Construction & Development Xingye Property Agent Ltd. ("Xingye") ¹	A subsidiary of YXP
Guangzhou City Construction and Development Co. Ltd. ("GCCD") ¹	A subsidiary of YXP
Yue Xiu Enterprises (Holdings) Limited ("YXE") ¹	A major shareholder of YXP
Guangzhou Yue Xiu Holdings Limited ("Yue Xiu") ¹	Shareholder of YXE
廣州市城市建設開發集團有限公司 ¹	A subsidiary of Yue Xiu
Golden Eagle Asset Management Co. Ltd. ("Golden Eagle") ¹	A subsidiary of Yue Xiu
Guangzhou Grandcity Development Ltd. ¹	A subsidiary of YXP
Guangzhou Yue Xiu City Construction JLL Property Services Company Limited ¹	A subsidiary of YXP
廣州廣證恒生證券投資諮詢有限公司 ¹	A subsidiary of Yue Xiu
Guangzhou Suiqiao Development Company Limited ¹	A subsidiary of Yue Xiu
廣州證券有限責任公司 ¹	A subsidiary of Yue Xiu
廣州越秀產業投資管理有限公司 ¹	A subsidiary of Yue Xiu
廣州越秀融資租賃有限公司 ¹	A subsidiary of Yue Xiu

Notes to the Consolidated Financial Statements

As at 31 December 2012

30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related party	Relationship with Yuexiu REIT
廣州越秀金融家俱樂部有限公司 ¹	A subsidiary of YXP
廣州越秀金融投資集團有限公司 ¹	A subsidiary of Yue Xiu
Guangzhou Yue Tong Expressway Operations and Management Company Limited ¹	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ¹	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited ¹	A subsidiary of Yue Xiu
HSBC Institutional Trust Services (Asia) Limited (the “Trustee”)	The Trustee of Yuexiu REIT
Savills Valuation and Professional Services Limited (the “Incumbent Valuer”)	The current principal valuer of Yuexiu REIT
Vigers Appraisal and Consulting Limited (the “Former Valuer”)	The former principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the “HSBC Group”)	Associates of the Trustee

¹ These connected parties are also considered as related parties of the Group, transactions and balances carried out with these related parties are disclosed in notes (a) and (b) below.

30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The following transactions and balances were carried out with connected parties and related parties:

(a) Transactions with connected/related parties

	2012 RMB' 000	2011 RMB' 000
Manager's fee paid/payable to the Manager (ii)	(49,756)	(34,414)
Management fee paid/payable to Yicheng	(8,956)	(8,633)
Management fee paid/payable to White Horse PM	(9,491)	(9,195)
Management fee paid/payable to GZ AM	(2,122)	—
Rental income received/receivable from Xingye	1,148	1,317
Rental income received/receivable from YXP	—	652
Rental income received/receivable from YXE	—	28
Rental income received/receivable from Yicheng	605	6
Rental income received/receivable from GCCD	16,043	363
Rental income received/receivable from White Horse JV	1,200	1,181
Rental income received/receivable from Golden Eagle	4,562	—
Rental income received/receivable from Guangzhou Grandcity Development Ltd.	3,696	—
Rental income received/receivable from 廣州廣證恒生證券投資諮詢有限公司	649	—
Rental income received/receivable from Guangzhou Suiqiao Development Company Limited	130	—
Rental income received/receivable from 廣州證券有限責任公司	4,630	—
Rental income received/receivable from 廣州越秀產業投資管理有限公司	584	—
Rental income received/receivable from Guangzhou Yue Xiu City Construction JLL Property Services Company Limited	2,970	—
Rental income received/receivable from 廣州越秀融資租賃有限公司	754	—
Rental income received/receivable from GZ AM	547	—
Rental income received/receivable from 廣州越秀金融家俱樂部有限公司	1,297	—
Rental income received/receivable from 廣州越秀金融投資集團有限公司	966	—
Rental income received/receivable from Guangzhou Yue Tong Expressway Operations and Management Company Limited	261	—
Rental income received/receivable from Guangzhou Yue Peng Information Ltd.	173	—

Notes to the Consolidated Financial Statements

As at 31 December 2012

30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related parties (continued)

	2012 RMB' 000	2011 RMB' 000
Rental income received/receivable from Yuexiu (China) Transport Infrastructure Investment Company Limited	1,095	—
Naming right income received/receivable from YXP	4,565	—
Interest income received/receivable from GCCD	22,129	—
Trustee's fee paid/payable to the Trustee	(3,453)	(2,213)
Valuation fee paid/payable to the Incumbent Valuer	(470)	(249)
Valuation fee paid/payable to the Former Valuer	—	(316)
Transactions with the HSBC Group		
– Interest expense paid/payable to the HSBC Group	(8,079)	(7,690)
– Annual arrangement fees on borrowings paid to the HSBC Group	(450)	(457)
– Commitment fee on bank borrowings paid to the HSBC Group	—	(52)
– Rental income received/receivable from the HSBC Group	6,914	13,158
– Interest income from the HSBC Group	79	42

Note:

- (i) All transactions with connected parties/related parties were carried out in accordance with the terms of the relevant agreement governing the transactions.
- (ii) The Manager's fee is calculated as the aggregate of a base fee of 0.3% per annum of the value of the Deposited Property, as defined in the Trust Deed and a service fee of 3% per annum of Net Property Income, as defined in the Trust Deed. (Note 8)

30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related parties

	2012 RMB' 000	2011 RMB' 000
Amount due from YXP	10,000	—
Amount due from GCCD (note)	977,679	—
Amount due to Yicheng	(818)	(747)
Amount due to White Horse PM	(658)	(767)
Amount due to the Manager	(32,945)	(20,665)
Amount due to GZ AM	(2,305)	—
Amount due to 廣州市城市建設開發集團有限公司	(10,000)	—
Rental deposits from Xingye	(1,113)	(356)
Rental deposits from Yicheng	(428)	(1)
Rental deposits from GCCD	(10,925)	(155)
Rental deposits from White Horse JV	(167)	(167)
Rental deposits from Golden Eagle Asset Management Co., Ltd	(1,328)	—
Rental deposits from Guangzhou Grandcity Development Ltd.	(2,684)	—
Rental deposits from 廣州廣證恒生證券投資諮詢有限公司	(464)	—
Rental deposits from Guangzhou Suiqiao Development Company Limited	(93)	—
Rental deposits from 廣州證券有限責任公司	(3,278)	—
Rental deposits from 廣州越秀產業投資管理有限公司	(416)	—
Rental deposits from Guangzhou Yue Xiu City Construction JLL Property Services Company Limited	(1,083)	—
Rental deposits from 廣州越秀融資租賃有限公司	(492)	—
Rental deposits from GZ AM	(396)	—
Rental deposits from 廣州越秀金融家俱樂部有限公司	(933)	—
Rental deposits from 廣州越秀金融投資集團有限公司	(636)	—
Rental deposits from Guangzhou Yue Tong Expressway Operations and Management Company	(183)	—
Rental deposits from Guangzhou Yue Peng Information Ltd.	(123)	—
Rental deposits from Yuexiu (China) Transport Infrastructure Investment Company Limited	(783)	—
Rental deposits from YXE	—	(13)
Rental deposits from HSBC Group	—	(2,216)

Notes to the Consolidated Financial Statements

As at 31 December 2012

30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related parties (continued)

Except for an amount due from GCCD of approximately RMB926,000,000 is unsecured and interest bearing of 9% per annum all other balances with related parties are unsecured, interest-free, repayable on demand and approximate to their fair values. All the balances are denominated in RMB, except for the amount due to the Manager which is denominated in HK\$.

Note:

Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction cost related to the construction of Guangzhou IFC. On 7 May 2012, an initial amount of RMB1,293 million was transferred to GCCD by Tower Top. The receivable balance as at year end represents the initial amount transferred to GCCD less the settlement of construction payable. The remaining amount will be paid to GCCD when the receivable balance is less than or equal to RMB100 million.

(c) Key management compensation

There was no key management compensation for the year ended 31 December 2012 (2011: nil).

31 CAPITAL COMMITMENTS

	2012 RMB' 000	2011 RMB' 000
Capital commitments in respect of investment properties, contracted but not provided for	8,298	5,664

32 FUTURE MINIMUM RENTAL RECEIVABLE

At 31 December 2012, the Group had future minimum rental receivable under non-cancellable leases as follows:

	2012 RMB' 000	2011 RMB' 000
Within one year	913,385	513,976
Between one year and five years	1,606,098	701,081
Over five years	785,844	17,913
	3,305,327	1,232,970

PERFORMANCE TABLE

As at 31 December 2012

	2012	2011	2010	2009
Net assets attributable to unitholders (RMB)	12,524,083,000	5,095,264,000	3,980,990,000	3,586,849,000
Net asset attributable to unitholders per unit (including net assets attributable to deferred unitholder) (RMB)	4.57	4.78	3.73	3.36
(Equivalent to HK\$)	5.63	5.90	4.38	3.82
The highest premium of the traded price to net asset value (HK\$)	N/A	N/A ⁽ⁱ⁾	N/A	N/A
The highest discount of the traded price to net asset value (HK\$)	2.27⁽ⁱ⁾	2.80	1.44	2.19
Net yield per unit	16.04%⁽ⁱⁱ⁾	44.01%	15.85%	9.58%
Number of units in issue (units)	2,743,209,741	1,065,972,687	1,065,972,687	1,065,972,687

Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$4.20 (2011: HK\$4.40) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2012. The highest discount is calculated based on the lowest traded price of HK\$3.36 (2011: HK\$3.10) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2012.
- (ii) Net yield per unit is calculated based on profit after tax before transactions with unitholders per unit for the year ended 31 December 2012 over the traded price of HK\$3.68 (2011: HK\$3.43) as at 31 December 2012.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of Yuexiu REIT for the last five financial years is set out below

	Year ended 31 December				
	2012	2011	2010	2009	2008
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Results					
Profit after tax before transactions with Unitholders	687,802	1,337,275	635,635	265,119	207,301 ¹
Assets and Liabilities					
Total assets	24,874,112	7,375,278	6,024,293	5,651,149	5,602,431
Total Liabilities, other than net assets attributable to Unitholders	12,267,410	2,280,014	2,043,303	2,064,300	2,055,167
Net assets attributable to Unitholders	12,524,083	5,095,264	3,980,990	3,586,849	3,547,264

¹ The conversion rate of HK\$ to RMB was based on the average rate of 2008

CORPORATE AND INVESTOR RELATIONS INFORMATION

BOARD OF DIRECTORS OF THE MANAGER

Executive directors

Mr. Liang Ningguang (*Chairman*)

Mr. Liu Yongjie

Non-executive director

Mr. Liang Youpan (Resigned on 3 February 2012)

Mr. Li Feng (Appointed on 20 June 2012)

INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr. Chan Chi On, Derek

Mr. Lee Kwan Hung, Eddie

Mr. Chan Chi Fai, Brian

RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Liang Ningguang

Mr. Liu Yongjie

Mr. Lin Deliang

COMPANY SECRETARY OF THE MANAGER

Mr. Yu Tat Fung

CHIEF FINANCIAL OFFICER OF THE MANAGER

Mr. Kwan Chi Fai

TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

AUDITOR OF YUEXIU REIT

PricewaterhouseCoopers

Certified Public Accountants

PRINCIPAL VALUER

Savills Valuation and Professional Services Limited

HONG KONG LEGAL ADVISER

Baker & McKenzie

Corporate and Investor Relations Information

PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd.
Wing Lung Bank, Limited
The Bank of East Asia, Limited
Nanyang Commercial Bank, Limited
Malayan Banking Berhad Group

WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

<http://www.yuexiureit.com>
<http://www.hkex.com.hk>

REGISTERED OFFICE OF THE MANAGER

24th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

UNIT LISTING

Yuexiu REIT's Units are listed on:
The Stock Exchange of Hong Kong Limited
The stock code is: 405

INVESTOR RELATIONS

For further information about
Yuexiu REIT, please contact:
Mr. Ha Hang Leung, Alan
Telephone: (852) 2593 2326
Facsimile: (852) 2519 6473
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Manager

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



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