

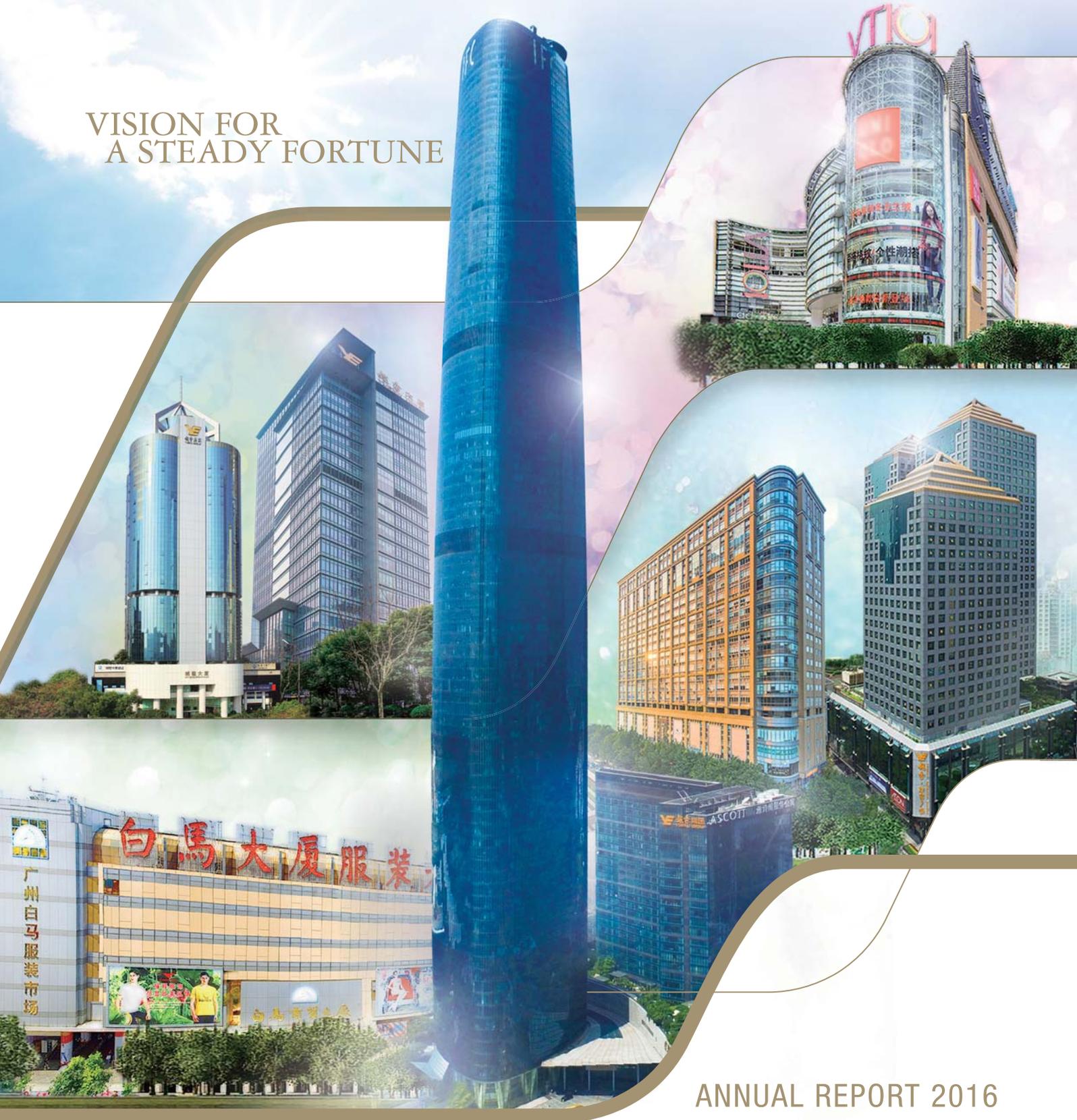


越秀房地產投資信託基金

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)
(Stock Code: 00405)

VISION FOR
A STEADY FORTUNE



ANNUAL REPORT 2016

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

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 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 one commercial property located in Shanghai. 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

UNITHOLDERS CALENDAR 2017-2018

MAY 2018	Payment of final distribution for 2017
FEBRUARY 2018	Announcement of 2017 Annual Results
OCTOBER 2017	Payment of distribution for six-month period ended 30 June 2017
AUGUST 2017	Publication of 2017 Interim Report
May 2017	Payment of final distribution for 2016 and 2016 Annual General Meeting
APRIL 2017	Publication of 2016 Annual Report

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 Items (as defined in the OC) for the financial year ended from 31 December 2012 to the financial year ending 31 December 2016.

The Manager also has the discretion under Yuexiu REIT's trust deed, where there are surplus funds, to distribute amounts in addition to that set out in the OC. At the time of announcing the distribution for any particular year, the Manager shall consider whether to exercise such discretion having regard to factors including but not limited to Yuexiu REIT's funding requirements, its earnings and financial position, its growth strategy, operating and capital requirements, compliance with relevant laws, regulations and covenants (including existing limitations on borrowings as prescribed in the REIT Code), other capital management considerations, the overall stability of distributions and prevailing industry practice.

In light of the above, the Manager has determined that the final distribution to the Unitholders for the period from 1 July 2016 to 31 December 2016 ("2016 Final Period") will be approximately RMB0.1506 which is equivalent to HK\$0.1699 (2015: RMB0.1275 which was equivalent to HK\$0.1522) per Unit. Such final distribution per Unit is subject to adjustment once new units are issued to the Manager (in satisfaction of the Manager's fees) prior to the record date for the 2016 Final Period distribution. A further announcement will be made to inform Unitholders of the final Distribution per Unit for the 2016 Final Period.

The final distribution for the 2016 Final Period, together with the interim distribution of Yuexiu REIT for the six-month period from 1 January 2016 to 30 June 2016 ("2016 Interim Period") being approximately RMB0.1346 which is equivalent to HK\$0.1570 (2015: RMB0.1208 which was equivalent to HK\$0.1530) per Unit, represents a total distribution to each Unitholder for the Reporting Year of approximately RMB0.2852 (which is equivalent to HK\$0.3269) (2015: approximately RMB0.2483 which was equivalent to HK\$0.3052).

The total distribution amount for the Reporting Year, being RMB824,717,000 (2015: RMB704,321,000), includes an amount of approximately RMB483,000,000 (2015: RMB504,000,000), that is capital in nature. The total distribution amount for the Reporting Year comprises the distributable amount calculated pursuant to the formula set out in the OC (being approximately RMB280,643,000) plus a further distribution of approximately RMB544,074,000 having regard to the abovementioned discretion of the Manager under Yuexiu REIT's trust deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement.

Distributions payable to the Unitholders will be paid in Hong Kong dollars. The exchange rate adopted by the Manager is the central parity rate, as announced by the People's Bank of China, for the five business days preceding the date of declaration of distributions.

Yuexiu REIT aims at providing steady returns to its Unitholders derived from the gross income of its Properties. It has been distributing no less than 100% of Total Distributable Income for 11 consecutive years after listing in 2005.

DISTRIBUTION YIELD

Disregarding new units to be issued prior to the relevant record date with respect to the Manager's fees, Distribution per Unit ("DPU") for the Reporting Year is approximately HK\$0.3269 (2015: HK\$0.3052), of which approximately HK\$0.1865 (2015: HK\$0.2150) is attributable to capital items, represents a yield of approximately 8.0% (2015: 7.4%) per Unit based on the closing price of HK\$4.09 per Unit as at 31 December 2016 (2015: HK\$4.16).

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the final distribution will be 12 April 2017. The register of Unitholders will be closed from 12 April 2017 to 13 April 2017, both days inclusive, during which period no transfer of units will be effected. In order to be qualify for the distribution, all Unit certificates with completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 11 April 2017. The final distribution will be paid on 16 May 2017 to the Unitholders whose names appear on the register of Unitholders on 12 April 2017.

PERFORMANCE SUMMARY

The following is a summary of Yuexiu REIT's audited consolidated results (Note a) for the year ended 31 December 2016 together with comparative figures for the corresponding period in 2015:

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

	Financial Year ended 31 December 2016	Financial Year ended 31 December 2015	Increase/ (decrease)
Gross income (Note a)	1,837,579,000	1,709,645,000	7.5%
Net property income	1,268,104,000	1,088,369,000	16.5%
Profit after tax	712,144,000	740,683,000	(3.9)%
Earnings per unit - Basic	0.25	0.26	(3.8)%
Portfolio valuation	28,658,000,000	27,574,000,000	3.9%
Net assets attributable to Unitholders per Unit	4.63	4.74	(2.3)%
Net assets attributable to Unitholders per Unit - Equivalent to HK\$	5.18	5.66	(8.5)%
Units issued (units)	2,921,780,484	2,828,887,374	3.3%
Total borrowings as a percentage of gross assets (Note b)	38.9%	37.4%	1.5 percentage points
Gross liabilities as a percentage of gross assets (Note c)	55.5%	54.0%	1.5 percentage points
Distribution			
Total distribution (including additional items)	824,717,000	704,321,000	17.1%
Distribution per Unit (HK\$)	0.3269	0.3052	7.1%

Note a: Revenue of Yue Xiu Tower was recorded since 1 September 2015.

Note b: Calculation of Total borrowings based on bank loan and other borrowings, 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.



LIN ZHAOYUAN
Chairman

RESULTS AND DISTRIBUTIONS

In 2016, with a portfolio of premium properties and the extraordinary efforts of the entire management team, Yuexiu REIT continued to attain good operating results, and all key operating indicators were performing well. As at 31 December 2016, properties under Yuexiu REIT still maintained a relatively high occupancy rate and the overall occupancy rate reached 97.9%, representing an increase of 0.6 percentage points year-on-year. The occupancy rate of the original five properties was 98.1%, the occupancy rate of Guangzhou International Finance Center ("GZIFC") was 98.3%, the occupancy rate of the shopping mall was 94.3% and the occupancy rate of Yue Xiu Tower was 99.2%. During the Reporting Year, the total revenue of Yuexiu REIT was approximately RMB1,837,579,000, representing an increase of 7.5% as compared to RMB1,709,645,000 for the same period last year. All Properties maintained stable operation and continued to improve steadily.

In 2016, Yuexiu REIT realized a total distributable income of approximately RMB824,717,000, representing an increase of approximately RMB120,396,000 or an increase of approximately 17.1% as compared to the total distributable income of RMB704,321,000 for the corresponding 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\$0.3269 per Unit, representing an increase of HK\$0.0217 or an increase of approximately 7.1% as compared to the distribution amount of HK\$0.3052 for the same period last year. Based on the closing price of HK\$4.09 per Unit as at 31 December 2016, the rate of return was approximately 8.0%.

Dear Unitholders,

On behalf of the Board of Directors of Yuexiu REIT Asset Management Limited as the Manager ("Manager") of Yuexiu Real Estate Investment Trust ("Yuexiu REIT"), I am pleased to present the 2016 annual report of Yuexiu REIT.

MARKET REVIEW

In 2016, world economic growth was still sluggish, with the slow-moving recovery of major economies. The economic growth of the PRC continued to slow down. The RMB was officially admitted into the International Monetary Fund SDR, with notable characteristics of exchange rate volatility. However, the overall operation of China economy was basically stable and the structural readjustment showed positive changes. According to the data released by the National Bureau of Statistics, the gross domestic product ("GDP") of the PRC in 2016 amounted to RMB74,410 billion, representing a growth of 6.7% year-on-year. With the continuous implementation of the supply side structural reform, decentralization and the innovation-driven strategies have been continuously implemented, certain progress has been achieved in cutting excessive production capacity and destocking. The corporate leverage ratio has stabilized. China consumption grew steadily. Investment has stabilized amidst a slowdown. The development of the new economy, new industries and the new business model showed an accelerating trend.

Against the backdrop of the economic restructuring in the PRC, the economic growth of Guangzhou changed from high speed to medium-to-high speed but in general was slightly higher than the national and provisional rate. In 2016, the gross domestic product of Guangzhou was RMB1,961.094 billion, increasing by 8.2% year-on-year, higher than the national and provincial growth rates by 1.5 percentage points and 0.7 percentage point respectively. Fixed asset investments of RMB570.359 billion were completed in Guangzhou, representing an increase of 8.0% year-on-year, total retail sales of consumables in the private sector of the entire city amounted to RMB870.649 billion, representing an increase of 9.0%. Guangzhou continuously carried out industrial optimization and upgrade and actively promoted the supply side reform measures such as "three eliminations, one reduction and one improvement" and "replacing business tax with value-added tax". The economy maintained fundamentally stable development.

In 2016, there was a new supply of offices of 750,000 sq.m. in the Guangzhou Grade A office market and the market inventory continued to increase to 5 million sq.m. The overall vacancy rate of the whole city rose to 12%. In particular, due to the relatively large supply of new offices in the Zhujiang New Town area, enterprises had plenty of choices. Leasing transactions in connection with relocation, expansion and new establishment were still active in Zhujiang New Town, with the regional vacancy rate declining to 12%. The leasing demand of industries such as finance, professional services and IT Internet for Grade A offices in Guangzhou and the trend of overall market rent maintained a steady increase. The Shanghai Grade A office market continued the steady development trend. Market rents of central business districts continued to maintain a steady rise, but the increase slowed down. Supported by the demand of industries such as finance, professional services and TMT for offices in central business districts, average market rents decreased by 1.2% as compared to the previous quarter and increased by 0.8% year on year. Emerging business such as joint office were also developing rapidly. The supply of new offices in the Shanghai Grade A office market reached a peak in five years. Coupled with the effect of the surrender of tenancy by some P2P enterprises, in the fourth quarter, the overall vacancy rate of the whole city increased to 8.6% as compared to the previous quarter, and market rents of Grade A offices in the entire city dropped slightly by 1.2% to RMB10.4/sq.m./day as compared to the previous quarter. In the retail market, the consumption market continued to see a slowdown in its growth. The physical retail industry was confronted with the transformation pressure of consumption upgrade. Various premium shopping centres commenced operations in the Guangzhou retail market in 2016, with the market vacancy rate increasing by 2.6 percentage points to 4.6%. Overall market rents of central business districts remained steady and emerging experience-style industries such as catering, children and leisure culture continued to expand. With respect to the specialized market of apparel, affected by such factors such as shrinking foreign trade environment and increasing labour and raw material costs, significant downside pressure still existed in the apparel industry. With respect to the high-end hotel market, there was no supply of new high-end hotel in Guangzhou in 2016. However, affected by the economic slowdown in the PRC, the international brand high-end hotel market in Guangzhou exhibited a trend of an increase in the room occupancy rate and a decline in the average daily room rate, with the room occupancy rate increased by 3.6 percentage points and the average daily room rate fell by 4.1% to RMB879/room year on year. With respect to high-end serviced apartments, the performance of the apartment leasing market was positive and optimistic and the market inventory remained stable. Supported by the effective leasing demand in the market, the vacancy rate dropped by 1.5% as compared to the same period last year and the average room rate rose by 5.5%.



BUSINESS OPERATING STRATEGIES

In accordance with dynamic changes in the market, the Manager constantly enhanced the property rental value of the REIT by implementing proactive and prudent asset management and enhancement strategies so that properties of the REIT still achieved stable rental returns and performance growth amidst intense market competition. In the five projects of Fortune Plaza, City Development Plaza, Yue Xiu Neo Metropolis Plaza, GZIFC and Yue Xiu Tower in Shanghai, the Manager attracted several premium enterprises as tenants by formulating aggressive and effective leasing policies in terms of office operation, resulting in the further optimization of the tenant mix. Meanwhile, facing intense market competition, the Manager retained key tenants of the buildings by formulating a flexible renewal policy. A high occupancy rate was recorded continuously and the average occupancy rate of offices reached 98%. After eliminating the effect of the tax policy of replacing business tax with value-added tax in 2016, the average unit rental price of offices increased by 3.2% as compared to the same period and continued to perform well. In particular, the occupancy rate of offices in GZIFC continued to rise, representing an increase of 1 percentage point as compared to the same period last year.

In the retail mall segment, Victory Plaza continued to deepen its mall positioning of "VT101" fast fashion experience centre, established a merchant counselling mechanism and constantly enhanced the rental value of the project. With respect to marketing and promotion, collaboration and interaction with lessees were vigorously strengthened and various types of resources and channels were employed to enhance marketing and promotion efforts, enabling the further enhancement of customer flow and business ambiance at the mall. For the podium of GZIFC, the Manager proactively implemented hardware upgrade and renovation works in accordance with market changes and took the initiative to adjust the mall's trade mix and introduced various renowned catering tenants. Following the newly launch of the "GZIFC Shopping Mall" mall brand image, the customer flow and commercial value of the mall were substantially heightened, which also significantly drove an increase in the overall property value of the project. With respect to the specialized market, White Horse Building constantly stepped up its efforts in transformation and upgrade and continued to consolidate its benchmark position in the industry. Through the enhancement of the building's hardware conditions and business environment, the optimization of the tenant and brand mix and the constant innovation of marketing means and channels, the brand influence of White Horse Building was further intensified. Amidst an industry downturn and intense competitive pressure in surrounding areas, it still recorded an excellent performance of a 100% occupancy rate at the end of the year.

The Manager constantly deepened the implementation of the effective owner supervision system and actively focused on the service quality and service standard of Four Seasons Hotel and Ascott Serviced Apartments and exerted itself to enhance and improve customer service experience. Four Seasons Hotel and Ascott Serviced Apartments continued to enjoy a leading position as landmarks of the industry in the Guangzhou region, revenue from each saleable unit and average room rate were the highest among competitors, with excellent results in performance.

INVESTMENT AND FINANCIAL STRATEGIES

In 2016, the Manager continued to implement proactive and prudent investment and financial strategies, and on the one hand fully evaluated the market conditions and the situation of the capital market to actively seek for investment reserve projects; on the other hand, the Manager effectively reduced the financing cost of the REIT through the restructuring of financing amounting to RMB3.3555 billion for the GZIFC project and the restructuring of a loan of HK\$2.3 billion, and further optimized the financing product mix and enhanced the capacity of the REIT to resist exchange rate risks by combining the purchase of foreign exchange hedging products.

The Yuexiu REIT implemented stable and sound financial policies. As at 31 December 2016, the gearing ratio (total borrowings to total assets) of Yuexiu REIT was maintained at the level of 38.9%, which was still far from the upper limit of 45% as stipulated in the REIT Code.

The Manager continued its work in maintaining a stable credit rating of the REIT. In the second half of 2015, Yuexiu REIT newly acquired the Shanghai Yue Xiu Tower project, which led to a substantial increase in the proportion of debts and creating pressure on the credit rating of the REIT. However, based on the confidence in Yuexiu REIT's relatively strong operating capability and stable cash flow expectations, the rating agency adjusted the rating of the REIT but still maintained an investment-grade rating with a stable outlook.

ASSET ENHANCEMENT STRATEGIES

The Manager continued to implement diversified asset enhancement strategies and reviewed the property portfolio of the REIT on a regular basis to formulate asset enhancement plans by focusing on such aspects as security, asset enhancement and energy saving and environmental protection to fully explore asset enhancement opportunities in connection with properties of the Yuexiu REIT, thereby maintaining competitive advantages in the market and increasing asset returns. While formulating and implementing various asset reconstruction plans, the Manager effectively enhanced the rental level and asset value of the properties by adopting strategies such as constantly optimizing the tenant mix, maintaining good customer relationship and increasing efforts in soliciting business.

PROSPECTS

Looking ahead to the prospects of 2017, the overall global economy is still weak and the recovery process of the world economy is still slow. The expectation for interest rate hikes by the Federal Reserve is further increased. There is still a trend of the depreciation of currencies of major economies against the US dollar. The PRC economy is still in the new normal period of a sustained slowdown, with endogenous growth momentum yet to be enhanced. The risk of capital outflows has increased with the gradual emergence of pains arising from structural readjustment and a change in the development mode. Economic downward pressure is still large. We believe that the PRC economy will gradually push forward comprehensively deepening reforms with an emphasis on the supply side structural reform subject to maintaining stable macroeconomic policies, stable market expectations and stable social conditions by formulating more prudent monetary policies, intensifying risk prevention efforts, and further supporting the transformation and development of the real economy.

Benefiting from the two wheel-driven strategy of the modern service industry and advanced manufacturing industry under the "13th Five-Year Plan" in Guangzhou, and the positive drive of the construction of the Nansha New Area and the pilot free trade zone, it is expected the demand for enterprise expansion, upgrading and relocation and newly established office space will continue in 2017. The future rental trend of the office market in Guangzhou will still be able to remain steady. The Grade A office supply in Shanghai will continue to increase, ushering in a peak of supply. The overall vacancy rate of the market will increase. However, driven by the reform policy of the Shanghai Financial Free Trade Zone, the demand of financial enterprises in Shanghai for Lujiazui and Zhuyuan districts will also continue to increase. The supply and demand in central business districts will gradually strike a balance, and rents are expected to keep stable. The Guangzhou retail commercial market will usher in 330,000 square meters of new supply in 2017, with relatively strong development momentum of non-central business districts. Market competition will be further intensified and the market vacancy rate will rise further. With the introduction of the national policy of the "Opinions on Promoting the Innovation and Transformation of Physical Retailers", it is expected that the retail malls in Guangzhou will continue to be upgraded in terms of trade ratio, brand portfolio and online and offline integration. Affected by a slowdown in domestic consumption demand and regional new supply, the average room rate and the occupancy rate of high-end hotels decreased slightly. However, due to the continued growth of local tourism and business travel, the overall trend will still remain stable. With respect to high-end serviced apartments, market inventory will continue to expand with an increased vacancy rate. However, the average room rate will continue to maintain steady development momentum. In 2017, the operation of hotels and serviced apartments will no longer receive income support, which will create some operating result pressures. However, the Manager believes that the gradual maturing of projects and the continuous improvement of the operating efficiency will help offset or mitigate the impact of the end of income support and the issuance of deferred fund units.

We are cautiously optimistic in our belief that we are reaping the benefits of a steady growth in the PRC economy, on the basis of our premium portfolio of properties coupled with the professional management team of Yuexiu REIT, we will actively grasp prospective investment opportunities, through implementing proactive and prudent leasing strategies, which are complemented with effective property appreciation measures, we aim at continuously generating stable returns for the Unitholders.

On behalf of the Board of Directors, I would like to take this opportunity to thank wholeheartedly 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 enormous support and cooperation.

Lin Zhaoyuan

Chairman

Hong Kong, 14 February 2017

2016 BUSINESS REVIEW AND FUTURE PROSPECTS

BUSINESS REVIEW

Steady growth in operating results, persistent increase in asset appreciation

In 2016, the macro-economy of China was in a structural optimization and industry upgrading era of new normality, economic growth continued to slow down. In order to safeguard the interest of unitholders, Yuexiu REIT implemented proactive leasing and asset management strategies, its properties continued to achieve excellent results, asset value of properties continued to appreciate, establishing a solid foundation for income growth and sustainable development in future for Yuexiu REIT.

Under the concerted efforts of the Manager's team, the REIT and the Manager won a number of community awards in 2016. Among the awards, Yuexiu REIT was the winner of "Listed Enterprises of the Year 2016" awarded by Bloomberg Businessweek, the "Hong Kong Outstanding Enterprise Award" presented by Economic Digest, "Top 10 Commercial Property Funds of China" award presented by WinShang.com, and Gold Award of "Excellence in Governance" presented by The Asset. And the Manager won the "China Commercial Property Asset Management 2016 Award" by Guandian Property. The Manager will continue to improve the internal management mechanism, enhance the corporate governance standard persistently, with a view to bring more benefits to investors and unitholders.

PROPERTY PORTFOLIO AND VALUATION

As at 31 December 2016, Yuexiu REIT's portfolio of properties ("Properties") consisted of seven 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"), Guangzhou International Finance Center ("GZIFC"), which are located in Guangzhou, and Yue Xiu Tower ("Yue Xiu Tower") which is located in Shanghai. The aggregate area of ownership of the Properties was approximately 743,106.2 sq.m. and the total rentable area was 487,324.3 sq.m. (excluding 7,544.7 sq.m. of parking space and 4,528.0 sq.m. of clubhouse and common facilities area of Neo Metropolis; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and other ancillary facilities area of GZIFC; and 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Yue Xiu Tower; and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).



Particulars of the Properties are as follows:

Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate ⁽¹⁾	Unit Rent ⁽¹⁾ (VAT inclusive) (RMB/sq.m./month)	Unit Rent ⁽¹⁾ (VAT exclusive) (RMB/sq.m./month)
White Horse Building	Wholesale mall	Guangzhou Yuexiu District	1990	50,199.3	50,128.9	100.0%	656.6	625.3
Fortune Plaza	Grade A office	Guangzhou Tianhe District	2003	41,355.2	41,355.2	95.7%	156.6	149.1
City Development Plaza	Grade A office	Guangzhou Tianhe District	1997	42,397.4	42,397.4	95.0%	135.4	129.0
Victory Plaza	Retail shopping mall	Guangzhou Tianhe District	2003	27,698.1	27,262.3	100.0%	232.2	221.1
Neo Metropolis	Commercial complex	Guangzhou Yuexiu District	2007	61,960.0	49,887.3 ⁽²⁾	99.7% ⁽²⁾	112.1	106.8
GZIFC	Commercial complex	Guangzhou Tianhe District	2010	457,356.8	230,266.9	97.5%	210.3	200.3
Including:	Grade A office			267,804.4	183,539.6 ⁽³⁾	98.3%	235.7	224.5
	Retail shopping mall			46,989.2	46,727.3	94.3%	106.3	101.2
	Hotel			91,460.9 ⁽⁴⁾	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Yue Xiu Tower	Commercial complex	Shanghai Pudong New District	2010	62,139.4	46,026.3 ⁽⁵⁾	99.2%	266.7	254.0
Total				743,106.2	487,324.3	97.9%	242.8	231.3

Note:

- (1) As at 31 December 2016;
- (2) Excluding 7,544.7 sq.m. of parking space and 4,528.0 sq.m. of clubhouse and common facilities area;
- (3) Excluding 76,512.3 sq.m. of parking space area;
- (4) Including 2,262.0 sq.m. of hotel ancillary facilities and refuge floor area;
- (5) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and crisis shelter floor).



Segments of the Properties are as follows:

Rental Property	Area of Ownership (sq.m.)	Rentable Area (sq.m.)	Occupancy Rate ⁽¹⁾	Percentage Point increase/ (decrease)	Unit Rent ⁽¹⁾ (VAT exclusive) (RMB/sq.m./ month)	Unit Rent ⁽¹⁾ (VAT inclusive) (RMB/sq.m./ month)	Percentage as compared to the same period of 2015	Operating Income ⁽²⁾ (RMB' 000)
Office	475,656.4	363,205.8 ⁽³⁾	98.0%	(0.1)	192.6	202.3	3.2%	815,300
Retail	74,687.3	73,989.6	96.4%	4.7	147.0	154.4	(3.9)%	136,606
Wholesale	50,199.3	50,128.9	100.0%	0.0	625.3	656.6	3.1%	401,752

Note:

(1) As at 31 December 2016;

(2) For the year ended 31 December 2016;

(3) Excluding 7,544.7 sq.m. of parking space and 4,528.0 sq.m. of clubhouse and common facilities area of Neo Metropolis, excluding 76,512.3 sq.m. of parking space area of GZIFC, and excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge).

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average Occupancy Rate ⁽¹⁾	Average Rent ⁽¹⁾ (VAT inclusive) (RMB/Room/ Day)
Four Seasons Hotel Guangzhou	Five star hotel	August 2012	91,460.9	344	73.7%	1,907
Ascott Serviced Apartments GZIFC	High-end serviced apartments	September 2012	51,102.3	314	93.9%	997

Note:

(1) From 1 January 2016 to 31 December 2016;

(2) Both hotel and serviced apartments are entrusted operators.

Property Valuation

On 31 December 2016, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Vigers Appraisal and Consulting Limited (“Vigers”), an independent professional valuer, and the revalued market value was approximately RMB28,658 million, representing an increase of RMB1,084 million or 3.9% over the valuation as at 31 December 2015.

The following table summarizes the valuation of each of the Properties as at 31 December 2016 and 31 December 2015:

Name of Property	Valuation as at 31 December 2016 RMB million	Valuation as at 31 December 2015 RMB million	Increase %
White Horse Building	4,885	4,715	3.6%
Fortune Plaza	980	903	8.5%
City Development Plaza	811	758	7.0%
Victory Plaza	880	866	1.6%
Neo Metropolis	912	863	5.7%
GZIFC	17,190	16,639	3.3%
Yue Xiu Tower	3,000	2,830	6.0%
Total	28,658	27,574	3.9%

Lease Expiry of the Properties

In respect of the rental area in the next five years and beyond, ratios of lease expiry of Yuexiu REIT Properties each year will be 22.4%, 29.5%, 21.3%, 8.4% and 18.4% respectively. In respect of basic monthly rental, ratios of lease expiry each year will be 23.4%, 31.3%, 26.0%, 8.2% and 11.1% respectively.

Revenue continued to increase

In 2016, the properties of Yuexiu REIT recorded total revenue of approximately RMB1,837.6 million, representing an increase of 7.5% as compared to the same period of the previous year. Among which, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis, GZIFC and Yue Xiu Tower accounted for approximately 21.9%, 3.8%, 3.4%, 3.5%, 3.5%, 56.5% and 7.4% 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 2016 RMB million	Revenue in 2015 RMB million	Increase/(Decrease) as compared to	
			2015 RMB million	Increase/(Decrease) %
White Horse Building	401.8	406.9	(5.1)	(1.3)%
Fortune Plaza	70.7	71.5	(0.8)	(1.1)%
City Development Plaza	62.9	60.2	2.7	4.5%
Victory Plaza	64.5	63.9	0.6	0.9%
Neo Metropolis	63.8	64.5	(0.7)	(1.1)%
Sub-total of the original properties	663.7	667.0	(3.3)	(0.5)%
GZIFC	1,037.8	999.6	38.2	3.8%
Yue Xiu Tower	136.1	43.0 ⁽¹⁾	93.1	216.5%
Total	1,837.6	1,709.6	128.0	7.5%

Note:

(1) Revenue from Yue Xiu Tower was recorded since 1 September 2015.

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 2016 RMB million	Net Property Income in 2015 RMB million	Increase as compared to 2015 RMB million	Increase %
White Horse Building	329.9	320.5	9.4	2.9%
Fortune Plaza	57.3	55.5	1.8	3.2%
City Development Plaza	50.6	46.7	3.9	8.4%
Victory Plaza	51.9	49.8	2.1	4.2%
Neo Metropolis	51.1	50.3	0.8	1.6%
Sub-total of the original properties	540.8	522.8	18.0	3.4%
GZIFC	607.3	529.2	78.1	14.8%
Yue Xiu Tower	120.0	36.3 ⁽¹⁾	83.7	230.6%
Total	1,268.1	1,088.3	179.8	16.5%

Note:

(1) Net Property Income from Yue Xiu Tower was recorded since 1 September 2015.

White Horse Building – Increased efforts in transformation and upgrading, further enhanced market competitiveness

In 2016, the Manager adopted measures to actively respond to the trend of market downturn, and continued to augment transformation and upgrading efforts in various aspects of hardware transformation, image enhancement, tenant adjustment, brand incubation and marketing innovation, integrated market competitiveness was further enhanced. Among these measures, White Horse Building actively adjusted the structure of shops on the second floor. The number of shops was reduced from 380 to 179 in aggregate. It optimized the floor operation positioning and brand portfolio and introduced 15 high-quality customers by leveraging on the opportunity of upgrading and adjustment of the second floor, through an in-depth market analysis and research while incorporating the needs of operating tenants, the image, consequently, integrated competitiveness of White Horse Building was further escalated. On lease renewals, the renewals of leasing contracts for the sixth floor expiring by the end of 2016 were completed in a smooth manner by executing the differentiated pricing policy, with a renewal rate of 100%. On marketing and promotions, the Manager reinforced the marketing strategy of “going out and bringing in” and organized customers to participate in the China International Fashion Fair - CHIC 2016 in Shanghai and successfully organized the 10th White Horse Fashion Procurement Festival. Furthermore, the Manager also strived to increase efforts in hatching the brand of White Horse Building, established the White Horse brand operation center and introduced the “Half-step (半步)” platform for congregating White Horse original creation designers. Innovative breakthrough was also made by cutting into the upstream of the fashion industrial chain to gradually enhance the competitiveness of White Horse products, continued to increase the brand influence of White Horse Building and consolidate its benchmark position in the industry.



Victory Plaza – Strengthened the tenant synergy mechanism, expanded continuously the brand influence of the mall

In 2016, Victory Plaza closely adhered to the brand positioning of being a “VT101” young, fast, fashionable mall, enhanced synergy and interactions among tenants by launching a series of large-scale thematic marketing activities in various seasons and organized small-scale marketing activities with special features on weekdays, and recorded the ideal performance of 100% occupancy rate at the end of the reporting period. A total of nearly 50 campaigns were organized throughout the year with integrated resources, including influential promotional campaigns such as “International Vertical Marathon VT101 Station (國際垂直馬拉松VT101站)”, “China Super Vocal Open Selection (中國好聲音海選)”, “Anniversary Celebration VR Experience (周年慶VR體驗)” and “Christmas and New Year Greetings at Avenue of Stars (聖誕元旦星光大道)”, increasing the mall traffic flow enormously, with the average daily traffic flow being increased to approximately 20,000 people, and further enhancing the brand awareness of “VT101” mall among young consumer groups. In addition, Victory Plaza communicated proactively with key tenants, whose leases expired in 2016 and formulated renewal proposals in advance, and retained the key tenants together with a significant increase in rentals. Rents paid by some tenants for renewing their leases increased by more than 40%. On operational management, the Manager implemented a communication and supervision mechanism for major tenants to enhance operation counselling and risk management control in order to enhance its operational management standard and efficiency. Meanwhile, the Manager further improved the tenant advisory mechanism and reached consensus with various tenants to purchase and install sales data collection box and added some customer traffic flow collection devices. On the one hand, these would provide precise operational data for tenants, while on the other hand, these would establish a foundation for brand optimization and rent increase of the mall in future.



Fortune Plaza, City Development Plaza, Yue Xiu Neo Metropolis Plaza – Actively explored the potential customer needs, raised rental value of the properties steadily

In 2016, the three office projects of Fortune Plaza, City Development Plaza and Yue Xiu Neo Metropolis Plaza recorded high occupancy rates of 95.7%, 95.0% and 99.7%, respectively, the rent levels increased by 5.0%, 6.6% and 3.7%, respectively, as compared to the same period of the previous year, rental value of the properties increased steadily. The Manager continued to implement actively the leasing and customer relationship management strategies, by leveraging on the flexible lease management policy and an in-depth probe into the potential needs of the customers in these projects, the average renewal rate of office projects was as high as 75.4%. On the other hand, the Manager actively introduced quality tenants to optimize continuously the mix of tenants in the projects. Among them, Fortune Plaza successfully renewed leases for renowned tenants including “CTrip”, “Citicorp”, “Nikon” and “Saint Honore”, achieved renewal rate at 79.9%. Moreover, Fortune Plaza also brought in the famous local brand of detergents “Bluemoon”, the US famous medical brand “Convatec”, and assisted tenants, including “Nikon” and “Dicos”, to complete internal expansion of leasing area. City Development Plaza realized the successful expansion in leasing area for some internal quality tenants, including “E Fund”, “Taikang Life” and “Tong Cheng Travel”. Yue Xiu Neo Metropolis Plaza completed lease renewal for its podium key tenant, “Gome” and expansion of leasing area for internal quality tenant “Star Cruises”, the rental value of the properties rose steadily.

Guangzhou International Finance Center – Office occupancy rate achieved record-high level, commercial value of podium rose steadily

For offices in Guangzhou International Finance Center (GZIFC), the Manager continued to implement proactive, stable and sound leasing policies and measures, and responded actively to the challenging market environment as new supplies concentrated on the market of Grade A offices in Zhujiang New Town, good operation results were obtained. The occupancy rate of GZIFC at the end of the year reached 98.3%, representing an increase of 1.0 percentage point as compared to the same period of the previous year. The occupancy rate rose steadily to a new record-high level. With respect to new leases, by leveraging on the effective and flexible leasing strategies, relatively strong resources integration abilities and an excellent leasing team, the Manager actively developed leasing channels and successfully brought in premium tenants including “Everbright Securities”, “Zurich General Insurance”, “Momo”, “PPTV” and “Guangdong Southern Finance and Economics Omnimedia Group”. Furthermore, expansion in leasing areas by quality tenants including “CF Capital”, “CSC Group” and “Guangzheng Hang Seng” was also successfully arranged. In lease renewals, in order to retain quality tenants in GZIFC, the Manager responded actively to market competition, and formulated flexible renewal policy in advance. Moreover, the Manager established and introduced international standards of premium offices management and customer services, as well as implementing 6S services system highlighting Security, Speed, Smile, Sharing, Sincerity and Specialty, together with excellent management services, the lease renewal area of GZIFC offices for the full year was approximately 26,000 sq.m., the renewal rate was as high as 77%. The Manager also strived to maintain customer relationship and enhance recognition on project branding. A series of activities including “Chinese Valentine’s Day Photography Exhibition (七夕攝影展及沙龍)”, “IFC Film Party (IFC電影聯歡會)” and “Gourmet Trip and Photography Exhibition (美食之旅展及沙龍)” were organized on the Mezzanine Floor throughout the year, interactions over the WeChat platform were enhanced, and customer socialization activity “Beyond work — beyond living (越工作 • 越生活)” was organized to further maintain and enhance customer relationship in the GZIFC offices, which effectively augmented customer loyalty and continued to expand the branding impact of GZIFC.

For the podium of GZIFC, the Manager proactively reduced the podium area of the original tenant, Friendship Department Store, according to the retail market spending and upgrading needs, together with the increasingly mature operation ambience of the retail circle in Zhujiang New Town, the whole of the fourth and fifth floors were recovered and part of the basement one level was renovated and modified for proprietary operation. In business aspect, 26 tenants were brought in again, of which 23 were specialty restaurants, 1 hair salon, 1 department retailer and 1 fitness center. By increasing food and beverage business outlets, famous restaurant tenants were brought in to further increase the traffic flow in the mall. The launching of the brand “GZIFC Shopping Mall” has timely satisfied the diversified spending needs of CBD customers. Meanwhile, the precise positioning of an elite lifestyle and a new landmark featuring business, lifestyle, fashion and leisure under one roof, establishing a foundation for fast leasing. At the end of the year, the GZIFC Shopping Mall recorded an occupancy rate of 94.3%, the rent level rose to RMB101.2/sq.m./month, representing an increase of 0.8% as compared to the level prior to the adjustment. The commercial value and ancillary servicing abilities of the GZIFC podium were enhanced remarkably. In addition, after commencement of business at the mall, in order to bring more traffic flow to the mall and enhance the operating results of the tenants, the Manager coordinated and consolidated resources inside and outside the mall, such as media, various organizations, platforms and peripheral public equipment and facilities, and provided active and effective promotional activities for tenants to create a good business environment. For example, a number of marketing promotional activities with the theme of “Enjoy Happiness, Flavours and Arts in a Wonderful Way (樂享天開、味享天開、藝享天開)” were organized and GZIFC was converted into a smart mall by building the GZIFC Shopping Mall WeChat Network, advertisement information release system, shopping guide screen system and Wifi network system to further broaden customers’ experience.

High-end international brand hotels in Guangzhou were affected by the downturning economic growth in China, the operating results were steady with a slight decline. For serviced apartments, there was no new supply during the whole year, the performance of the leasing market was stable with an optimistic trend. Through the implementation of a “5 in 1” cooperative and mutually beneficial owner supervision system, the Manager supervised and managed the operations of Four Seasons Hotel and the Ascott Serviced Apartments effectively. Moreover, the Manager continued to strengthen cost control and operation supervision, and changed analysis of operation indicators to analysis of asset efficiency indicators, focused on details of customer service quality, monitored Four Seasons Hotel and the Ascott Serviced Apartments to improve service standards and enhance operating income. During the Reporting Year, Four Seasons Hotel and the Ascott Serviced Apartments continued to be leaders with benchmark positions in the industry in Guangzhou area, the average room rate, revenue per available room and customer satisfaction were all in top ranking among competitors. The average room rate in Four Seasons Hotel decreased by 4.9% and revenue per available room decreased by 2.5% on a year-on-year basis, with a GOP rate of 41.2%; the average room rate of the Ascott Serviced Apartments increased by 0.6% and revenue per available room increased by 1.4% on a year-on-year basis, with a GOP rate of 62.9% and good performance in operating results.



Yue Xiu Tower – continued to optimize tenant mix, rental increase was in line with expectation

In order to continue expanding the influence of Yuexiu REIT in other cities and attract tenancy from financial sectors with strong and solid financial background, the name of this project was renamed as Yue Xiu Tower in 2016 in the name of Yuexiu REIT. In view of the office environment and needs analysis of industry customers in Shanghai where the Yue Xiu Tower Project is located, the Manager created a different project operation positioning — a place of growth and convergence of financial enterprises, and effectively attracted many famous and reputable tenants. Moreover, the Manager continued to optimize the tenant mix, enhance the property value and long-term competitiveness of this project, the number of customers decreased to 107 from 97 at the end of last year, the effect was apparent. In optimizing the tenant mix, the Manager also continued to improve the property service standards to enhance satisfaction level of the tenants, and the project recorded a renewal rate of 59.2% during the year, and the average increase in rental after renewal was 33.3%. The average rental of Yue Xiu Tower increased by 9.8% on a year-on-year basis, the rental increase was in line with expectation, and the rental value of the property rose steadily.

Actively pursued asset enhancement projects to realize property value preservation and appreciation

In 2016, the Manager continued to implement a number of capital-intensive renovation and enhancement projects, including addition of information safety firewall to the weak electricity system of GZIFC, upgrading and renovation of the safety and preventive system in the outer rim and office lobby of GZIFC, renovation of the weak electricity system of Ascott Serviced Apartments, and outer rim greenery renovation at podium, general lighting system renovation of podium tower and indoor and outdoor signs system renovation works of podium mall under the capital-intensive renovation ancillary projects of GZIFC, common area renovation works on floors of City Development Plaza, external facade renovation of podium tower of Victory Plaza and addition of IT air-con main generator at Yue Xiu Tower, ensuring the safety of operation in various projects, the business environment of the projects were also improved on an on-going basis.



In 2017, the Manager will also plan to invest in a number of capital-intensive modification projects at GZIFC, White Horse Building, City Development Plaza, Victory Plaza and Yue Xiu Tower to continuously enhance operation efficiency and business environment of these projects.

Examined the REIT's property portfolio, sought development opportunities and optimized the asset structure

In 2016, the Manager continued to conduct market research and continuously examined the REIT's existing property portfolio. Meanwhile, the Manager implemented an investment strategy of actively seeking and prudent decision making to seek for high-quality projects from inside and outside, with a focus on investment opportunities in first-tier cities such as Beijing and Shanghai as well as in core areas of key cities such as Wuhan and Hangzhou in order to seek the structural optimization of the REIT's assets and enhance the interests of unit holders of the REIT.

Continuously optimized the debt structure, reduced financing costs, enhanced foreign exchange risk management

The Manager optimized debt structure and reduced financing costs with a basically stable gearing ratio under its control. In 2016, Renminbi was officially included in the basket of currencies under the SDR system. The exchange rate of Renminbi depreciated by a significant extent and market expectation of further depreciation still exists. The Manager conducted research on exchange rate risk and its effects in view of the relatively large proportion of foreign currency debt in the REIT, and formulated a proactive risk management plan to reduce the risk arising from foreign exchange fluctuations. On the one hand, by borrowing Renminbi at home and abroad, part of the foreign currency loans was repaid, and the proportion of foreign currency debt was reduced. At the same time, the REIT purchased structured forward instruments in respect of the US\$177 million indebtedness and the HK\$1 billion indebtedness to fix the Renminbi exchange rate. On the other hand, the REIT endeavoured to reduce financing costs and completed restructuring of an overseas loan of HK\$2.3 billion and restructuring of the financing of RMB3.3555 billion for the GZIFC project, the average financing cost of the REIT was reduced by 40% and 15% respectively as compared to those before restructuring. As a result of these re-financing managements, the effective interest rate has decreased from 3.42% at the beginning of the year to 3.29% at the balance sheet date.

FINANCIAL RESULTS

FINANCIAL RESULTS

Both rental income and net property income of Yuexiu REIT were higher than those in 2015. The following is a summary of Yuexiu REIT financial results for the Reporting Year:

	2016 RMB' 000	2015 RMB' 000	Increase/ (Decrease)
Gross income	1,837,579	1,709,645	7.5%
Hotel and serviced apartments direct expenses	(293,317)	(309,265)	(5.2)%
Leasing agents fees	(40,977)	(37,473)	9.4%
Property related taxes (Note 1)	(221,873)	(265,362)	(16.4)%
Other property expenses (Note 2)	(13,308)	(9,176)	45.0%
Total property operating expenses	(569,475)	(621,276)	(8.3)%
Net property income	1,268,104	1,088,369	16.5%
Withholding tax	(80,501)	(62,725)	28.3%
Depreciation and amortisation	(156,878)	(151,800)	3.3%
Manager's fees	(129,907)	(113,283)	14.7%
Trustee fees	(9,186)	(8,064)	13.9%
Other trust expenses (Note 3)	(9,297)	(23,536)	(60.5)%
Total non-property expenses	(385,769)	(359,408)	7.3%
Net profit before finance expenses, finance income and income tax	882,335	728,961	21.0%
Finance income	26,243	44,963	(41.6)%
Finance expenses	(938,299)	(763,232)	22.9%
Net (loss)/profit before income tax	(29,721)	10,692	(378.0)%
Income tax expense	(285,183)	(260,033)	9.7%
Net loss after income tax before fair value gain on investment properties, other expenses in relation to the acquisition of subsidiaries and fair value gain on derivative financial instruments	(314,904)	(249,341)	26.3%
Fair value gain on investment properties	952,422	1,074,920	(11.4)%
Other expenses in relation to the acquisition of subsidiaries	—	(84,896)	N/A
Fair value gain on derivative financial instruments	74,626	—	N/A
Net profit after income tax before transactions with Unitholders	712,144	740,683	(3.9)%

Note 1 Property related tax included urban real estate tax, land use right tax, business tax (from 1 May 2016 onward, the business tax was replaced by value-added tax (VAT)), urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties.

Note 2 Other property expenses included valuation fee, insurance premium and other expenses.

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

Gross income and net property income during the Reporting Year were approximately RMB1,837,579,000 (2015: RMB1,709,645,000) and RMB1,268,104,000 (2015: RMB1,088,369,000) respectively, which represented an increase of approximately 7.5% and 16.5% respectively while comparing with 2015.

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

	2016 RMB' 000	2015 RMB' 000
Office	815,300	708,752
Wholesales	401,752	406,861
Retail	136,606	102,808
Hotel and serviced apartments	483,921	491,224
Total	1,837,579	1,709,645

Net property income amounted to approximately RMB1,268,104,000 (2015: RMB1,088,369,000), representing approximately 69.0% of total gross income, after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property operating expenses. Net property income analysis is listed in the following table:

	2016 RMB' 000	2015 RMB' 000
Office	667,423	554,820
Wholesales	329,879	320,519
Retail	112,494	81,122
Hotel and serviced apartments	158,308	131,908
Total	1,268,104	1,088,369

The adjustment of the business structure for the shopping podium of GZIFC in the first half of 2015 had incurred a one-off non-cash rental reduction. Upon the completion of this adjustment in 2016, the rental income of retails is increased.

Hotel and serviced apartments direct expenses were approximately RMB293,317,000, a decrease of 5.2% as compared with 2015. It was mainly because of effective cost control.

Leasing agent fees increased by approximately 9.4% as compared with 2015. It was mainly because of the newly acquired Yue Xiu Tower, and an increase in rental income of office and IFC shopping mall.

Property related tax decreased by approximately 16.4% as compared with 2015. It was mainly because of the replacing of business tax with value-added tax (VAT) and from 1 May 2016 onward, no business tax is required to pay.

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

Overall, the Manager's fees increased by approximately 14.7% as a result of the increase in total assets and net property income. The Trustee fees increased by approximately 13.9% as a result of the increase in total assets.

As Renminbi depreciated against Hong Kong dollar and US dollar for the Reporting Year, the bank borrowings denominated in Hong Kong Dollar and United States Dollar and secured note loans denominated in United States Dollar resulted in an exchange loss of approximately RMB544,074,000 (2015:RMB375,543,000). Excluding this exchange factor, the finance expenses incurred for the Reporting Year amounted to approximately RMB379,031,000 (2015: RMB354,536,000).

Profit after tax before transactions with Unitholders amounted to approximately RMB712,144,000 (2015: RMB740,683,000), which represented a 3.9% decrease, mainly due to an exchange loss incurred for the Reporting Year.

Value-Added Tax

On 23 March 2016, the Ministry of Finance (MOF) and the State Administration of Taxation (SAT) formally promulgated the Circular regarding the Comprehensive Roll-out of the Pilot Program for the Transformation from Business Tax to Value-Added Tax (Cai Shui 2016 No. 36). Pursuant to this circular, the countrywide pilot program of replacing business tax with value-added tax (VAT) (hereinafter referred to as "VAT reform") was implemented with effect from 1 May 2016, and all taxpayers of business tax in the construction, real estate, finance and consumer services industries are involved in the pilot program and liable to pay VAT instead of business tax. According to the Measures for the Pilot Program for Levying Value-Added Tax in Lieu of Business Tax and the requirements of the latest policies, a VAT tax rate of 5% is applicable to the REIT property leasing business, and a VAT rate of 6% is applicable to hotel and apartment services. Upon the implementation of the VAT reform, and separation of price and tax, our revenue for the first half of the year as per financial statements decreased by approximately RMB64,000,000, and the costs and expenses were adjusted accordingly. For example, payment for business tax was no longer required, property tax, leasing agent fees and withholding tax decreased in proportion to the decrease in income. Thus, the VAT reform has no material impact on the net profit of the Yuexiu REIT.

Top-up Payment

Top-up Payment received/receivable for the Reporting Year is approximately RMB52,626,000. After deducting the amount of RMB35,442,000 paid by Yuexiu Property on 9 August 2016, the balance amounting to RMB17,184,000 should be paid by Yuexiu Property within 7 business days after the announcement of Yuexiu REIT's annual result for the Reporting Year. Please refer to the Offering Circular dated 30 June 2012 for details.

Net Asset Value

The net assets attributable to the Unitholders per unit as at 31 December 2016 was approximately RMB4.63 (2015: RMB4.74), which represented a decrease of approximately 2.3%.

Deferred Units

According to the offering circular in relation to the acquisition of GZIFC dated June 30, 2012, commencing from 31 December 2016, the REIT will, on 31 December of each year, issue to Yuexiu Property (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to Yuexiu Property (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of Yuexiu Property (and parties acting in concert with it) 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 them at the relevant time. Based on the Illustrative Financing Structure and assuming that no additional Units are issued post-Completion (other than Manager Fee Units), it is expected that all of the deferred units will be issued by 31 December 2023.

New Units Issued and Unit Activity

In respect of the full settlement of the Manager's fees during the Reporting Year, Yuexiu REIT newly issued 15,674,865 and 12,339,245 units at HK\$4.13 and HK\$4.86 on 9 March 2016 and 18 August 2016 respectively. On 31 December 2016, referring to the terms disclosed from the Circular dated 30 June 2012, Yuexiu REIT issued 64,879,000 Units at a price of HK\$4.00 per Unit to Dragon Yield Holding Limited (a wholly-owned subsidiary of Yuexiu Property (a significant holder of the Yuexiu REIT), in part satisfaction of the outstanding consideration from its investment in GZIFC in 2012.

As at 31 December 2016, a total of 2,921,780,484 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$5.16 and a low of HK\$3.82 during the Reporting Year. The average trading volume amounted to approximately 4,350,650 Units per day during the Reporting Year (2015: 4,610,190 Units).

The closing price of the Units as at 31 December 2016 was HK\$4.09, represented a discount of approximately 21.0% as compared to the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2016.

CAPITAL AND FINANCIAL STRUCTURE

Group's borrowings are as follows:

	As at 31 December 2016 RMB' 000	As at 31 December 2015 RMB' 000
Bank borrowings and notes		
Denominated in RMB	4,165,500	2,660,000
Denominated in HKD	3,370,740	3,500,025
Denominated in USD	4,388,746	4,817,920
Total bank borrowings and notes	11,924,986	10,977,945
Maturity analysis		
Within one year	1,503,357	2,841,730
Two to five year	8,408,329	7,791,215
Beyond five year	2,013,300	345,000
The effective interest rate (per annum) of the borrowings and notes at the balance sheet		
RMB	4.34%	6.34%
HKD	2.52%	2.56%
USD	2.90%	2.97%

In 2016, Manager adopted the following financial arrangement to reduce the annual interest rate effectively and manage the foreign exchange risk.

- 1) In May 2016, Yuexiu REIT entered into a RMB600 million loan facility with a bank to repay partial HKD loan facility to manage the foreign exchange risk.
- 2) Yuexiu REIT extended the USD177 million loan facility for another two years to mitigate the risk of short-term refinancing and reduce the annual interest rate. Moreover, on 2 September 2016, Capped Forward hedging was applied to this loan facility to fix the RMB exchange rate and manage the foreign exchange risk.

- 3) Yuexiu REIT entered into a RMB3.3555 billion loan facility with certain PRC banks, to repay the balance of RMB4.5 billion PRC loan facility and part of the USD217 million loan facility. It reduced the annual interest rate and managed the foreign exchange risk.
- 4) In November 2016, Yuexiu REIT entered into a HKD2.3 billion loan facility with certain banks to repay the matured HKD loan facility. In December 2016, Capped Forward hedging was applied to part of this loan facility to fix the RMB exchange rate and manage the foreign exchange risk.

On 31 December 2016, Yuexiu REIT held certain hedging financial derivatives with a fair value of RMB74,626,000.

As at 31 December 2016, total borrowings of Yuexiu REIT amounted to approximately RMB11,925,000,000 (calculation of total borrowings based on bank loan and other borrowings, excluding capitalization of debt-related expenses), representing approximately 38.9% of total assets of Yuexiu REIT. The gearing ratio was below the maximum borrowing limit of 45% as stipulated in the REIT Code.

As at 31 December 2016, total liabilities of Yuexiu REIT (excluding net assets attributable to the Unitholders) amounted to approximately RMB16,986,891,000, representing approximately 55.5% of total assets of Yuexiu REIT.

CASH POSITION

Cash and cash equivalents and short-term bank deposits of Yuexiu REIT as at 31 December 2016 amounted to approximately RMB1,203,228,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

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

ACCOUNTING TREATMENTS

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

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

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

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

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

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

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

Yuexiu REIT or any of its subsidiaries did not enter into any real estate sale and purchase during the Reporting Year.

REAL ESTATE AGENTS ENGAGED BY YUEXIU REIT

During the Reporting Year, Yuexiu REIT had engaged Guangzhou Yicheng Property Management Ltd (“Yicheng”), Guangzhou Baima Business Operation Management Co., Ltd (“Baima BM”) and Guangzhou Yue Xiu Asset Management Company Limited (“GZAM”) (collectively, “Leasing Agents”) to provide designated leasing, marketing, tenancy management and property management services to the Properties.

During the Reporting Year, Yuexiu REIT paid/payable service fees to Yicheng, Baima BM and GZAM in the amounts of RMB10,455,000, RMB12,035,000 and RMB18,487,000 respectively.

REPURCHASE, SALE OR REDEMPTION OF UNITS

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

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

EMPLOYEES

As at 31 December 2016, Yuexiu REIT employed 683 and 137 employees in China for hotel operation through its branch companies and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of services for hotel and serviced apartments.

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

REVIEW OF FINANCIAL RESULTS

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

CORPORATE GOVERNANCE

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

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

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

ISSUANCE OF ANNUAL REPORT

The annual report of Yuexiu REIT for the Reporting Year will be dispatched to the Unitholders on or before 30 April 2017.

ANNUAL GENERAL MEETING

The Manager proposed that the annual general meeting of Yuexiu REIT for the Reporting Year to be held on 17 May 2017. Notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT SUMMARY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) REPORT SUMMARY

Yuexiu REIT is managed by the Manager who in turn has delegated the functions of leasing and marketing all properties to Baima BM, Yicheng Ltd. and GZAM (Yuexiu REIT, the Manager and parties who have been delegated functions are collectively referred to as “we” hereinafter, as and when the context requires). While maintaining a leading position in the capabilities of asset appreciation, business operation and capital operation, we adhere to the concept of sustainable development and establish the Corporate Social Responsibility (CSR) Working Committee to integrate environmental protection and social responsibility into our development strategy, actively addressing the expectation of stakeholders in aspects of environmental, social and governance to achieve quality, efficient and sustainable growth.

In order to realize the strategies for win-win, green and shared interests, the three major areas of sustainable development, we repay our clients and rebate the society through a series of initiatives, which include implementing capital technical alteration of properties and service innovation to enhance satisfaction and trust of customers; improving policies for caring employees to create a safe, fair, inclusive and open working environment; taking effective measures for energy conservation and waste disposal to reduce the adverse effects of property operation on social environment; and advocating charity and poverty alleviation activities to offer help to the needy in the community.

For ensuring reasonable disclosure of various initiatives on ESG work, we have conducted multi-faceted risk assessment and analysis. We have identified important issues as the basis of preparing the ESG Independent Report through tasks such as regulatory requirement analysis, media research, industrial benchmarking, stakeholder research and property field visits. We consider government agencies, media, shareholders and potential investors, tenants, employees, suppliers, etc. as our key stakeholders. During the year, we have conducted special researches on nearly 100 stakeholders in respect of environmental, social and governance issues. The results of the researches provide important reference for ESG disclosure and the sustainable development of Yuexiu REIT in the future.

For further information on the performance of Yuexiu REIT in areas of environmental, social and governance during this financial year, please refer to the forthcoming first ESG Independent Report. After the report is published, it can be viewed in or downloaded from Yuexiu REIT’s website.

OVERVIEW OF THE PROPERTIES

The property portfolio of Yuexiu REIT comprises seven high quality properties, namely White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis, GZIFC and Yue Xiu Tower.

LOCATION OF THE PROPERTIES

The Properties of Yuexiu REIT are located in the core business districts (“CBD”) of Guangzhou and Shanghai, the PRC. In particular, the White Horse Building is located in the Liuhua business and exhibition area of Guangzhou, adjacent to Guangzhou Railway Station with a diversity of wholesale markets specializing in apparels, shoes and leatherware in the surrounding areas. Fortune Plaza, City Development Plaza and Victory Plaza are located in the north end of the Guangzhou Tianhe CBD, which is located on the new axis of Guangzhou and being 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. 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, and is a property erected above the metro station enjoying enormous geographical advantages. GZIFC is located at the core financial business district of the Zhujiang New Town which is located on the new axis of Guangzhou, and enjoys favorable geographical advantages, with well-developed commercial and thriving cultural activities in the surrounding areas integrating natural landscape and arts of the new town center, which will make GZIFC the new icon of Guangzhou City. Yue Xiu Tower is located at 388 Fushan Road, Pudong New District, Shanghai Municipality, PRC and only 2 kilometres away from the Little Lujiazui central district. Due to its convenient traffic conditions, Yue Xiu Tower can be reached by various rail transit lines in the vicinity and is adjacent to the intersection of metro lines 2, 4, 6 and 9.

PROPERTY PORTFOLIO

Locations Map of Property



PROPERTY

- Guangzhou IFC
- White Horse Building
- Neo Metropolis
- City Development
- Victory Plaza
- Fortune Plaza
- Shanghai Yue Xiu Tower

○ 地鐵站點 ○ 地鐵交換站點



上海 SHANGHAI



廣州 GUANGZHOU





White Horse Building



Fortune Plaza

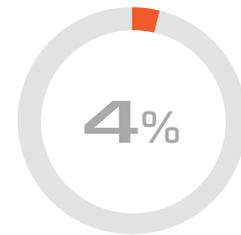
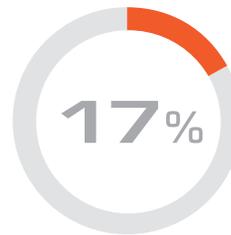
AREA OF PROPERTIES

The property portfolio of Yuexiu REIT has an area of ownership of 743,106.2 sq.m. and a rental area of 487,324.3 sq.m. As at 31 December 2016, the overall occupancy rate of the property portfolio was 97.9%.



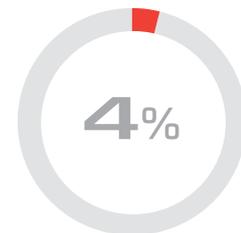
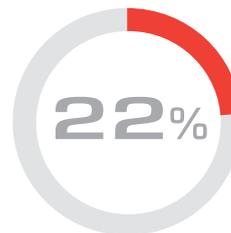
PROPERTY VALUATION

According to the valuation report issued by Vigers, the property portfolio of Yuexiu REIT was valued at a total value of RMB28,658 million as at 31 December 2016.



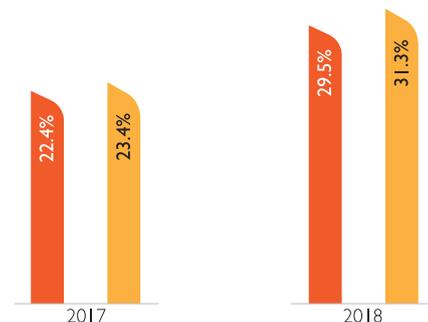
OPERATING INCOME GENERATED BY THE PROPERTIES

In 2016, Yuexiu REIT recorded a total annual operating income of RMB1,837.6 million, representing an increase of 7.5% as compared to the same period last year.



LEASE EXPIRY OF THE PROPERTIES

In terms of rental area in the next five years and beyond, the proportion of lease expiry of Yuexiu REIT Properties for each year will be 22.4%, 29.5%, 21.3%, 8.4% and 18.4% respectively. In terms of basic monthly rentals, the proportion of lease expiry for each year will be 23.4%, 31.3%, 26.0%, 8.2% and 11.1% respectively.





City Development



Victory Plaza



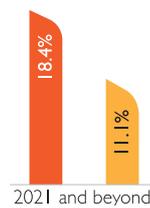
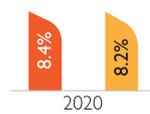
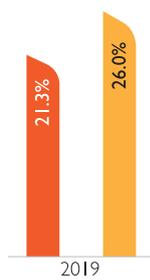
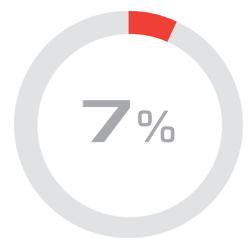
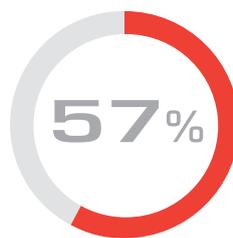
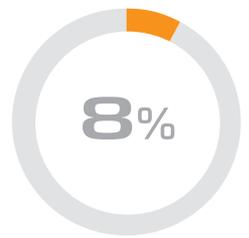
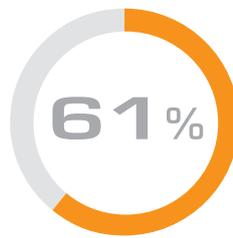
Neo Metropolis



Guangzhou IFC



Shanghai Yue Xiu Tower



by rental area
by basic monthly rentals

GUANGZHOU - TIANHE DISTRICT
GUANGZHOU IFC

GUANGZHOU IFC – A GLOBAL BUSINESS LEADER AND A NEW BENCHMARK FOR THE BUSINESS IMAGE OF GUANGZHOU

Guangzhou International Finance Center (GZIFC) is located in the central business district (CBD) of Zhujiang New Town, the most radiant and glamorous CBD in Guangzhou. It is a landmark of mixed-use premium grade commercial complex in Guangzhou.

The property is in an excellent location of the core CBD which is on the axis of Guangzhou, where the No. 3 and No. 5 Metro Lines and the passenger automatic transportation system (APM) intersect. It is 45 minutes from Guangzhou Baiyun International Airport, 10 minutes from Guangzhou Eastern Railway Station, 45 minutes from Nansha Expressway, and 15 minutes from Pazhou convention and 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 the ground and 4 floors underground, and a 28-storey annex building. It has 58 floors of Grade A offices, 6 floors of shopping mall, a carpark with 1,700 parking spaces, a five-star hotel with 344 guest rooms, and 314 units of luxury serviced apartments.

The main tower of the property is 432 meters tall, being one of the world's top ten skyscrapers. The property is designed by the renowned architectural firm, Wilkinson Eyre Architects, and its structural works are undertaken by Arup. The property won the "Highly Commended Mixed-use Project" Award of the International Property Awards at the Asia Pacific Presentation Ceremony in 2012, and the honour of "The Most Outstanding Architecture outside the European Union" awarded by the Lubetkin Prize granted by the Royal Institute of British Architects (RIBA) in a global competition during the same year. The property also won the Lu Ban Award in 2013, representing the highest honour in quality management and engineering level in the construction industry of China.



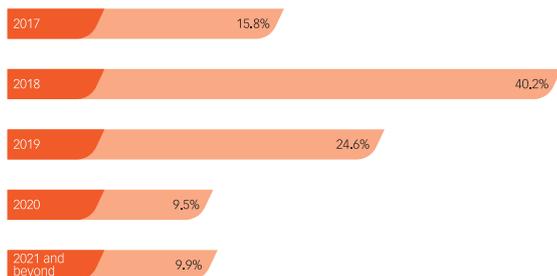
GUANGZHOU - TIANHE DISTRICT
GUANGZHOU IFC - OFFICE



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 268,000 sq.m. and commenced operation in July 2011. As an iconic building and a landmark in southern China, Guangzhou International Finance Center has attracted many multinational companies and renowned enterprises to lease its office space. Currently its tenants include renowned companies such as Zurich General Insurance, FAW-Volkswagen, Zengcheng Country Garden, Guangzhou Southern Finance and Economics Omnimedia, Beijing Momo Information, Bank of America, Société Générale, Allianz Insurance, The British Consulate, China Britain Business Council, Alcatel, Biostime France, Italian Foreign Trade Association, BSH Home Appliances and Mitsubishi Electric.

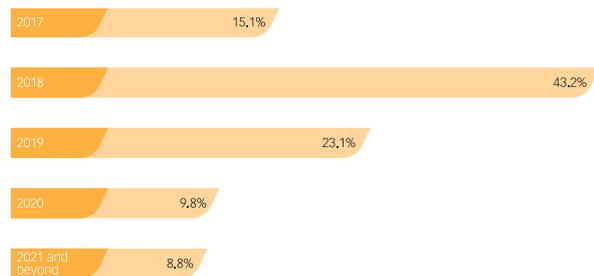
Lease Expiry of the Offices

(By rental area)



Lease Expiry of the Offices

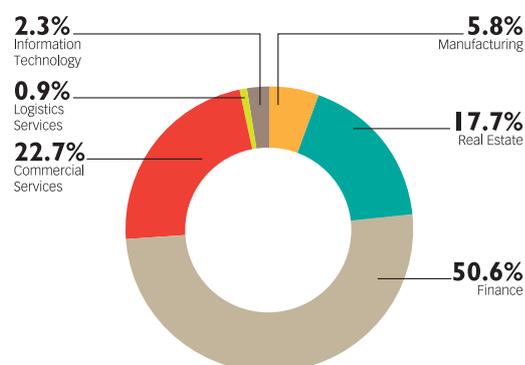
(By basic monthly rental)



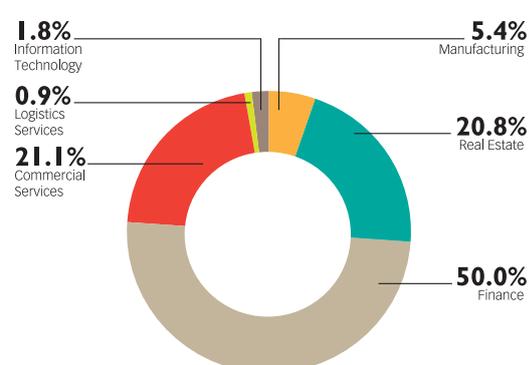
TOP 10 OFFICE TENANTS BY RENTAL INCOME (As at 31 December 2016)

Name of Tenant	Industry	% of Gross Rental Area	% of Total Monthly Rental
Yuexiu Group and its subsidiaries	Mixed	25.6%	27.2%
SFund and its subsidiaries	Finance	7.4%	7.2%
Kingvision Group Co., Ltd.	Real Estate	1.8%	2.2%
Guangdong Branch, China Export & Credit Insurance Corporation	Finance	2.4%	2.2%
Young Investment Holding Group Co., Ltd.	Finance	1.9%	1.8%
Biostime Inc. Guangzhou	Manufacturing	1.8%	1.7%
King & Wood Mallesons (Guangzhou)	Commercial Services	1.9%	1.6%
Guangdong Baiyun General Airline Co., Ltd.	Commercial Services	1.7%	1.5%
Servcorp (Guangzhou) Commercial Services Co., Ltd.	Commercial Services	1.3%	1.3%
Ping An Bank Co., Ltd.	Finance	1.1%	1.3%
Total		46.9%	48.0%

Industry Composition of Office Tenants By Rental Area



Industry Composition of Office Tenants By Basic Monthly Rental



GUANGZHOU - TIANHE DISTRICT

GUANGZHOU IFC - SHOPPING MALL



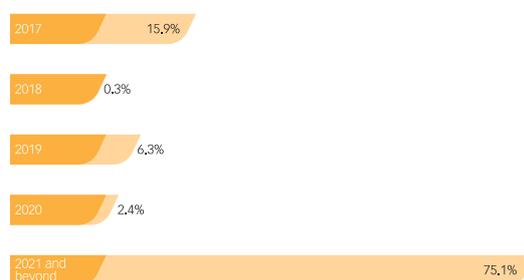
The shopping mall occupies a total of six floors of the podium. It has a gross floor area of 47,000 sq.m. and commenced operation in November 2010.

As of 31 December 2016, the occupancy of the shopping mall was 94.3%, and the unit rental price was RMB101.2 per sq.m. per month. According to upgrading needs of consumption in the retail market, together with the maturing operation atmosphere in the retail business district of Zhujiang New Town, the podium mall area occupied by the original tenant, Friendship Department Store, was reduced proactively, the whole floors on 4th and 5th storeys and part of basement 1 were recovered, renovated and modified for proprietary operation. By increasing food & beverage industry experiences, famous food & beverage tenants were introduced to further increase the customer traffic of the shopping mall.

Lease Expiry of Shopping Mall (By rental area)



Lease Expiry of Shopping Mall (By basic monthly rental)



GUANGZHOU - TIANHE DISTRICT

GUANGZHOU IFC - FOUR SEASONS HOTEL



Four Seasons Hotel Guangzhou 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 about 91,000 sq.m.

Four Seasons Hotel Guangzhou provides comprehensive service support, including conference and banquet facilities with a gross floor area of approximately about 14,000 sq.m., CATCH Restaurant on the 100th floor, Tian Bar on the 99th floor, Kumoi (Japanese restaurant) and Caffe Mondo (Western restaurant) on the 72nd floor, the Yu Yue Heen (Chinese restaurant) on the 71st floor, the Atrium on the 70th floor, and a 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 on the 1st floor of the hotel lobby to provide guests with convenient and efficient concierge services.

Four Seasons Hotel Guangzhou adheres to its consistent objectives of making guests feel at home, creating an exclusive and prestigious experience for every honourable guests with our most attractive and quality services.

	Date of inception	Area of ownership	Number of rooms	Average occupancy rate	Average roomrate (RMB/night)
Four Seasons Hotel Guangzhou	August 2012	91,460.9	344	73.7%	1,907



GUANGZHOU - TIANHE DISTRICT

GUANGZHOU IFC - ASCOTT IFC



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

Ascott IFC Guangzhou provides 314 sets of elegant stylish 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 and leisure purposes. The 24-hour security patrol and CCTV surveillance system can ensure a safe and well protected residence for our guests.

	Date of inception	Area of ownership	Number of rooms	Average occupancy rate	Average room rate (RMB/Room/day)
Ascott IFC Guangzhou	September 2012	51,102.3	314	93.9%	997



GUANGZHOU - YUEXIU DISTRICT

WHITE HORSE BUILDING

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 center in China, which is close to the Guangzhou Railway Station, Guangdong Bus Station and Guangzhou Bus Station, located at the intersection of the Metro Line Nos. 2 and 5 enjoying greatly convenient traffic, the White Horse Building formally commenced operation on 8 January 1993. It has an operating area of 60,000 sq.m., comprising 4 storeys of shopping mall, 5 storeys of offices and one storey of underground carpark.

More than 1,100 fashion manufacturers from various regions across the country congregate in the Guangzhou White Horse Apparel Market. The Market is mainly engaged in middle to high end fashionable men's and women's branded apparel and adheres to the competitive advantages featuring "Original Brands, High Quality Products, Primary Source of Goods and Manufacturers' Direct Sales". 80% of the tenants in the Market operate their own factories and are capable of independent product R&D and manufacturing. Their products are widely popular worldwide, covering





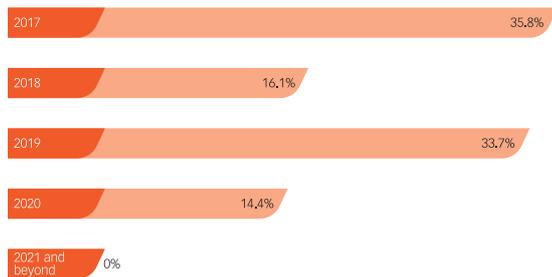
over 30 provinces, municipalities and autonomous regions in the PRC, as well as over 70 countries and regions such as the United States, Russia, the Middle East, Southeast Asia and Western Europe. The Market has an average daily traffic flow of 50,000 customers with an annual trading amount of over RMB10 billion.

In recent years, Guangzhou White Horse Apparel Market made timely use of Internet resources to provide free WIFI services across the Market. The WeChat of Guangzhou White Horse Apparel Market (Account No: baima_market) has been created to concurrently provide purchasers with the latest fashion information and recommendation of superior brands and sources of goods, which creates limitless business opportunities through mobile phones.

After years of cultivation and development, the Guangzhou White Horse Apparel Market has become a bellwether in the wholesale industry of garments in the country, and has won various recognition and awards, such as the Top 10 Professional Markets of Fashion in China, CNTAC Product Development and Promotion Award, the First Incubation Bases for Fashion Brands in China, National Civilized Market, Guangdong Fashion Apparel International Purchase Centre, Guangdong Famous Brand, Leading Enterprise in Guangdong Modern Wholesale Market, China E-Commerce Modelling Enterprise and 2013-2014 Guangdong Top 100 E-Commerce Enterprises in Guangdong.

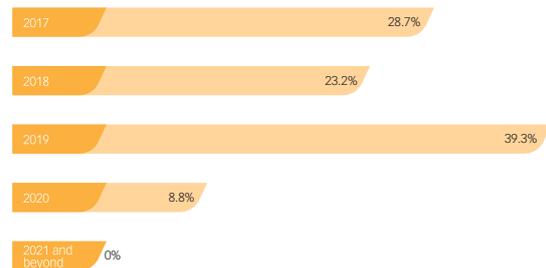
Lease Expiry

(By Rental Area)



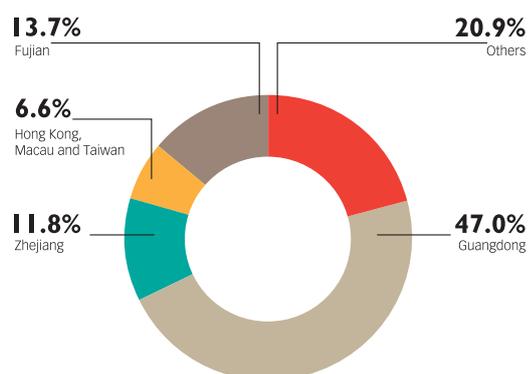
Lease Expiry

(By Basic Monthly Rentals)

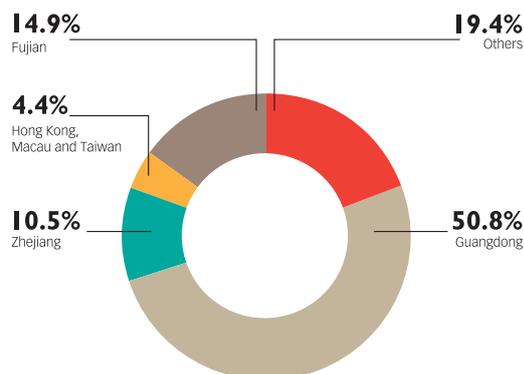




Geographical Distribution of Tenants By Rental Area



Geographical Distribution of Tenants By Basic Monthly Rental



TOP 10 TENANTS BY RENTAL INCOME (As at 31 December 2016)

Name of Tenant	Industry	% of gross rental area	% of total monthly rentals
Jin Yudan	Wholesale/Retail	0.6%	1.3%
Chen Yufang	Wholesale/Retail	1.1%	1.3%
Lin Mingguang	Wholesale/Retail	0.8%	1.2%
Shi Shali	Wholesale/Retail	0.5%	1.0%
Zhou Fawei	Wholesale/Retail	0.7%	0.9%
Wang Jiang	Wholesale/Retail	0.9%	0.9%
Lin Zixiang	Wholesale/Retail	0.6%	0.7%
Zhu Huifeng	Wholesale/Retail	0.4%	0.7%
Chen Jiaquan	Wholesale/Retail	0.8%	0.7%
Lin Peifang	Wholesale/Retail	0.4%	0.7%
Total		6.8%	9.4%

GUANGZHOU - TIANHE DISTRICT
FORTUNE PLAZA

**FORTUNE PLAZA-CONVERGENCE OF THE GLOBAL
LARGE RENOWNED COMPANIES AND MODEL OF
NATIONAL PROPERTY MANAGEMENT**

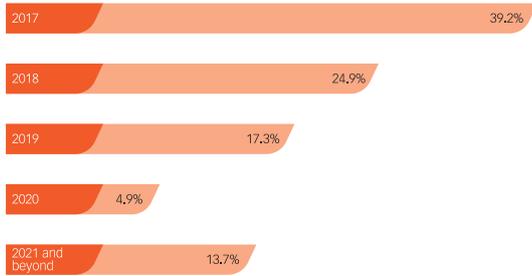
Located on Ti Yu Dong Road which is known as the “Guangzhou Wall Street”, and also at the heart of the Tianhe CBD, Fortune Plaza is a property erected above the Tianhe Sports Center Station of the Metro Line No. 1 of Guangzhou. It is easily accessible and adjacent to two important business districts, being Zhujiang New Town in the south and Tianhe North in the north, benefiting greatly from its geographical advantages. This project has a total gross floor area of over 80,000 sq.m. comprising a 2-storey underground carpark, a 6-storey commercial podium, a single-storey hanging garden clubhouse and 2 grade-A office towers with 26 storeys and 36 storeys respectively, which are among 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 center, a large conference center, convenience stores and a grand clubhouse, which provide all-round and convenient ancillary business services for business people in the building.

As an iconic building and landmark in the Tianhe CBD of Guangzhou, Fortune Plaza is the top choice for large renowned companies in the world. It has been recognized as the “Model of National Property Management” and is well received by customers in the industry. The existing tenants of Fortune Plaza include many famous enterprises, such as Chevron, Citibank, AEON Group, Publicis Group, Baleno, Ping An Bank, CTRIP, Wall Street English, Santa Ana, Swatch Group and Nikon Imaging.



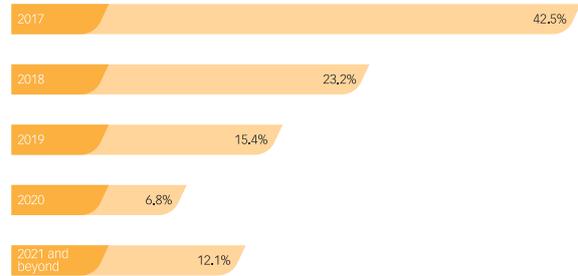
Lease Expiry

(By Rental Area)

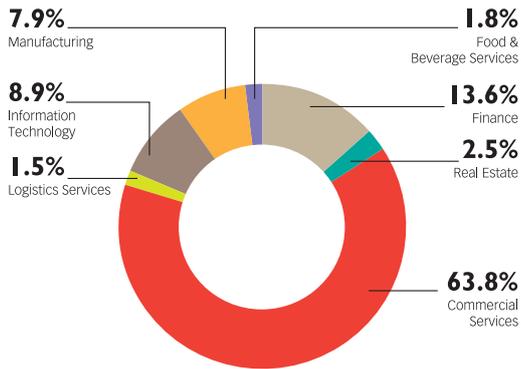


Lease Expiry

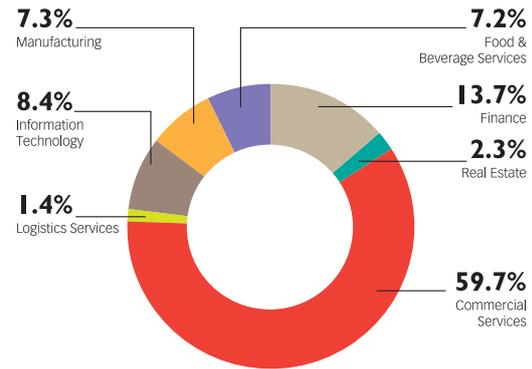
(By Basic Monthly Rentals)



Industry Composition of Tenants By Rental Area



Industry Composition of Tenants By Basic Monthly Rental



TOP 10 TENANTS BY RENTAL INCOME (As at 31 December 2016)

Name of Tenant	Industry	% of gross rental area	% of total monthly rentals
Guangzhou Friendship Baleno Company Limited	Commercial Services	10.3%	8.6%
AEON Group and its subsidiaries	Commercial Services	10.3%	8.2%
Wall Street English Training Centre (Guangdong) Co., Ltd.	Commercial Services	3.7%	6.2%
Publicis Group and its subsidiaries	Commercial Services	6.8%	5.9%
CTRIP and its subsidiaries	Commercial Services and IT	5.9%	5.6%
Citibank (China) Company Limited, Guangzhou Branch	Finance	3.5%	4.1%
Mannings Guangdong Retail Company Limited	Commercial Services	0.5%	4.0%
Kungfu Catering Management Co., Ltd.	Food & Beverage Services	1.0%	3.5%
Shinyway Group and its subsidiaries	Commercial Services	2.9%	2.6%
Ping An Bank Co., Ltd. Guangzhou Branch	Finance	1.9%	2.5%
Total		46.8%	51.2%



GUANGZHOU - TIANHE DISTRICT

CITY DEVELOPMENT PLAZA

CITY DEVELOPMENT PLAZA-ENTERPRISE HEADQUARTERS IN TIANHE CBD AND MODEL OF NATIONAL PROPERTY MANAGEMENT

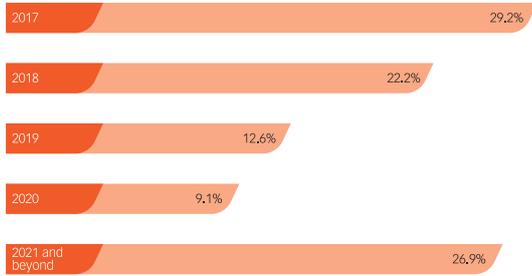
Located at the junction of Tianhe North Road and Tiyu West Road, City Development Plaza is facing Tianhe Sports Center and is adjacent to landmark buildings such as CITIC Tower and Victory Plaza. With bus stops within easy reach, it is just a 5-minute walk from Linhexi Station of the Metro Line No.3 and Automatic Passenger Mover System and has many restaurants and ancillary facilities in its adjacent areas. City Development Plaza has a total gross floor area of over 70,000 sq.m., comprising a 2-storey underground car park, a 4-storey commercial podium and a 28-storey high-end office building. With a uniquely large green area square of 5,000 sq.m., it provides a super large area for holding events by its business and office customers, it is a commercial complex integrating office, finance, business and food and beverage functions.

Existing tenants of City Development Plaza include many famous enterprises, such as Efund Management Company, Ping An Bank, SPD Bank, Taikang Life, General Mills, 同程旅遊, 網宿科技, Q房網, and a visa centre for seven countries such as the U.K., Canada and Spain was set up in its podium.



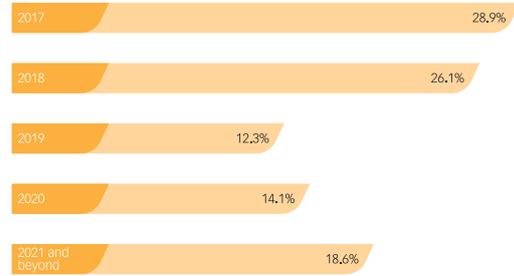
Lease Expiry

(By Rental Area)

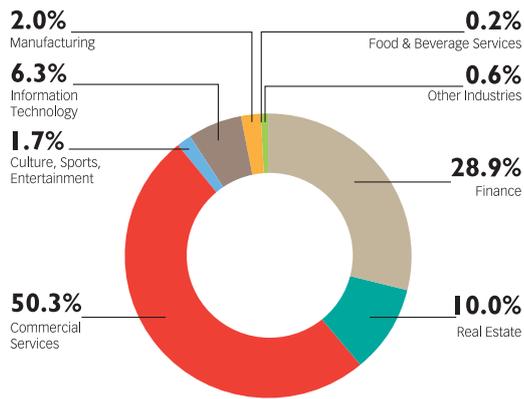


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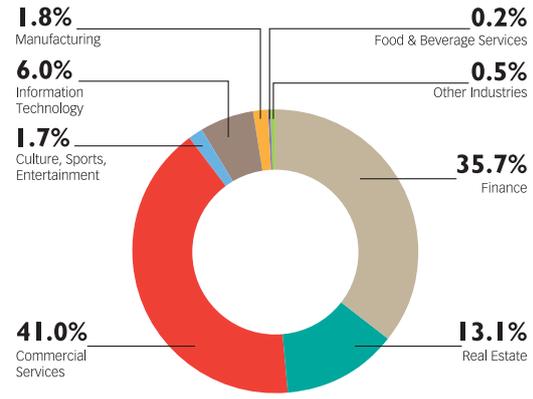
(By Basic Monthly Rentals)



Industry Composition of Tenants By Rental Area



Industry Composition of Tenants By Basic Monthly Rental



TOP 10 TENANTS BY RENTAL INCOME (As at 31 December 2016)

Name of Tenant	Industry	% of gross rental area	% of total monthly rental
Guangzhou Wisevalley Development Co., Ltd.	Commercial Services	18.5%	11.5%
Taikang Life Insurance Co., Ltd. Guangdong Branch	Finance	9.2%	10.8%
Efund Management Co., Ltd.	Finance	8.7%	9.2%
Guangzhou City Construction & Development Group	Real Estate	8.7%	9.0%
Guangdong Tongcheng Chuangyou International Travel Service Co., Ltd.	Commercial Services	8.1%	8.5%
Shanghai Pudong Development Bank, Guangzhou Branch	Finance	2.4%	8.3%
Guangzhou Yicheng Property Management Limited	Commercial Services	4.6%	4.2%
Wangsu Science & Technology Co., Ltd. Guangzhou Branch	IT	2.7%	2.6%
General Mills Trading (Shanghai) Co., LTD Guangzhou Branch	Commercial Services	2.2%	2.1%
Guangzhou Regus Consultancy Ltd.	Commercial Services	2.2%	2.0%
Total		67.3%	68.2%



GUANGZHOU - TIANHE DISTRICT
VICTORY PLAZA

VICTORY PLAZA – AN INTERNATIONAL FAST FASHION EXPERIENCE SHOPPING MALL AND “DIAMOND” BUSINESS LANDMARK OF GUANGZHOU CBD

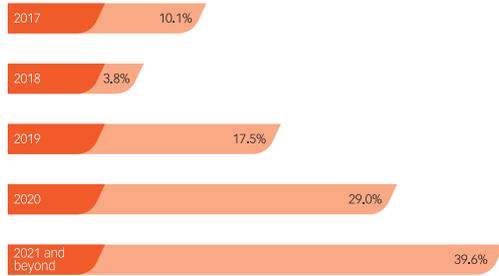
Located at the junction of Tianhe Road and Tiyu West Road and the interchange of Metro Lines 1 and 3, Victory Plaza is at the core of the most prosperous area of Tianhe CBD and enjoys a strong and well developed business environment. With a magnificent diamond shape and contemporary look, it is no doubt the business landmark of Tianhe CBD. With a total gross floor area of approximately 140,000 sq.m., it comprises a 4-storey underground car park, a 6-storey shopping mall, a single-storey hanging garden clubhouse and two grade A office buildings with 52 storeys and 36 storeys respectively.

Its shopping mall is positioned as an “international fast fashion experience shopping mall” and was renamed as “VT101” on 28 September 2014. It features fashionable, young, healthy, sustainable and trendy lifestyle. It has introduced tenants including the largest flagship store of Uniqlo in south China, Adidas’ brand new HomeCourt in south China, a super large store of SWATCH, a fashionable watch brand in Guangzhou, Tanyu (探魚), the most fashionable roasted fish brand. It has integrated shopping, food and beverages, leisure, literature and art functions. VT101 mainly promotes lifestyles of health and sustainability, consolidates organic life and modern decoration in a subtle manner so that consumers can have enjoyable food and shopping experience in an easy and pleasurable environment.



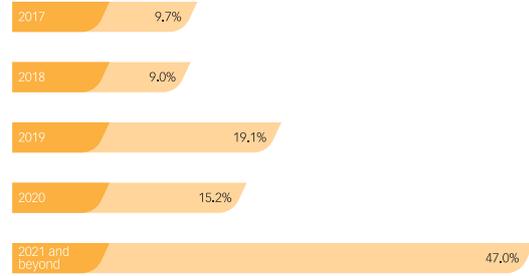
Lease Expiry

(By Rental Area)

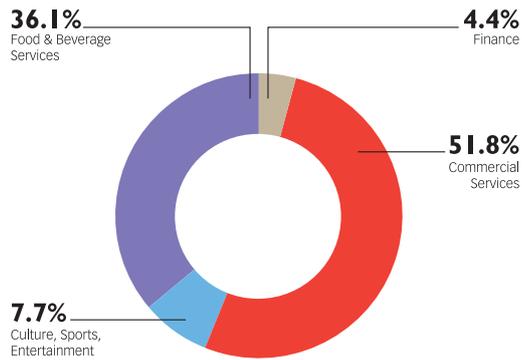


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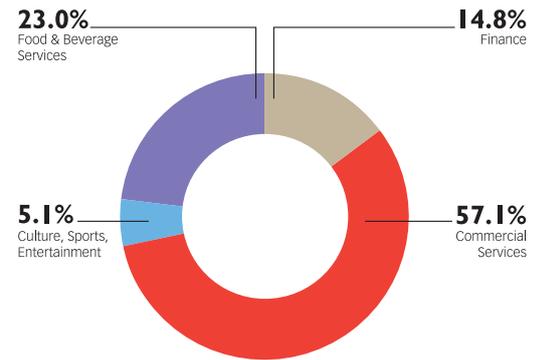
(By Basic Monthly Rentals)



Industry Composition of Tenants By Rental Area



Industry Composition of Tenants By Basic Monthly Rental



TOP 10 TENANTS BY RENTAL INCOME (As at 31 December 2016)

Name of Tenant	Industry	% of gross rental area	% of total monthly rentals
Fast Retailing Co., Ltd.	Commercial Services	38.1%	40.0%
Guangzhou GOME Electrical Appliances Co. Ltd.	Commercial Services	6.2%	9.9%
China Merchants Bank Co., Ltd. Guangzhou Branch	Finance	2.8%	7.9%
Industrial and Commercial Bank of China Limited, Guangzhou Dezheng Zhong Road Sub-branch	Finance	1.5%	6.9%
J.M. Developments	Food & Beverage Services	11.1%	4.9%
Guangzhou Tianhe Meten English Center	Commercial Services	5.1%	2.9%
Guangzhou Sanshe Merchant Chain Co., Ltd.	Food & Beverage Services	4.7%	2.7%
Guangzhou Xin Ying Dong Education Consultancy Co., Ltd.	Commercial Services	2.6%	2.2%
Guangzhou Libao Food & Beverage Catering Management Co., Ltd.	Food & Beverage Services	2.8%	2.0%
Guangzhou Hakka Yu Food & Beverage Development Co., Ltd.	Food & Beverage Services	3.0%	1.8%
Total		77.9%	81.2%



GUANGZHOU - YUEXIU DISTRICT
NEO METROPOLIS

**NEO METROPOLIS – NEW GREEN BUSINESS
EXPERIENCE, MODEL OF PROPERTY MANAGEMENT IN
GUANGDONG PROVINCE**

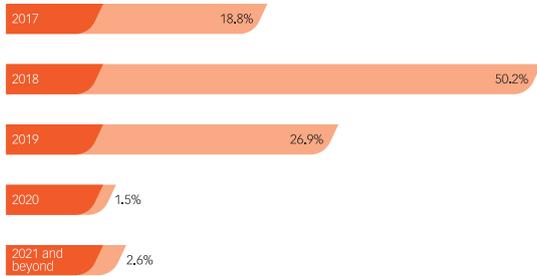
Neo Metropolis, located at the intersection of Zhongshan Six Road and Renmin Road, connects the three major conventional business areas of Beijing Road, Shang Xia Jiu and Liuhua business circle. It is a property erected above the Ximenkou Station of Metro Line No.1 with excellent accessibility. Neo Metropolis commenced operation in 2007, with 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 clubhouse and a 23-storey high-end office building. In the shopping mall area, there are large IT retail shops, catering facilities, banks, leisure and fitness, as well as educational and training facilities. In the office building, there is a hanging garden for every three storeys, providing a green leisure space for business people. An affordable and environmentally friendly air-conditioning system is also installed in the building to provide a comfortable environment for 24-hour office work. Neo Metropolis is a green eco-friendly complex integrating retail shopping mall, high-end office building, auxiliary commercial facilities and clubhouse functions.

Existing tenants of Neo Metropolis are a number of renowned enterprises, including Bank of China, Ping An Insurance, TNT, Essence Securities, ALP School, Itochu Corporation and Sino-Swed Pharmaceutical.



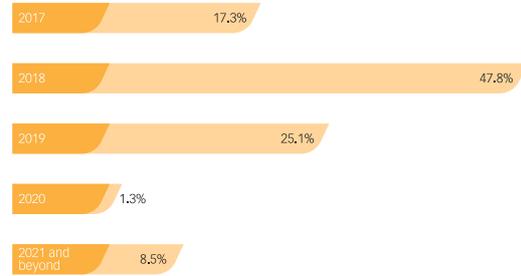
Lease Expiry

(By Rental Area)

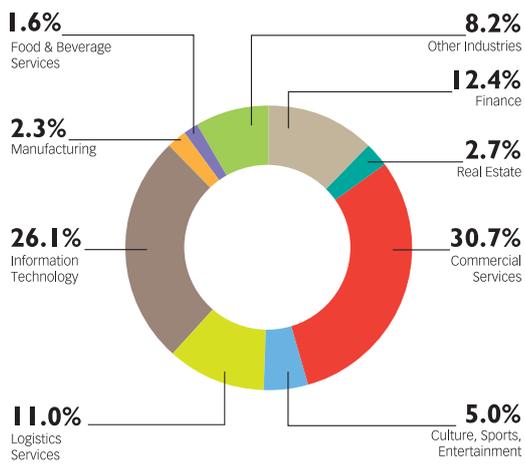


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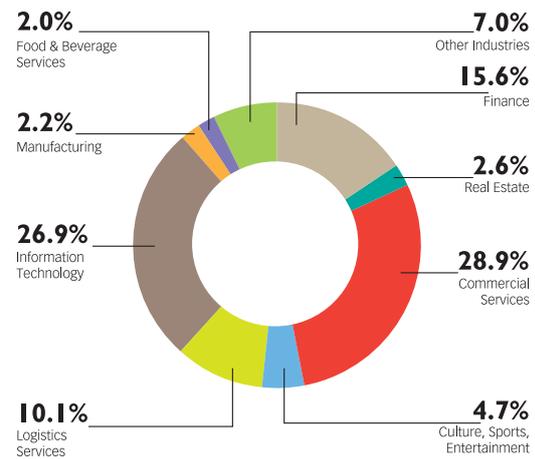
(By Basic Monthly Rentals)



Industry Composition of Tenants By Rental Area



Industry Composition of Tenants By Basic Monthly Rental



TOP 10 TENANTS BY RENTAL INCOME (As at 31 December 2016)

Name of Tenant	Industry	% of gross rental area	% of total monthly rentals
EGO Digital Technology Group (Guangzhou) Co., Ltd. Yuexiu Branch	IT	16.6%	18.0%
Ping An Life Insurance Company of China, Ltd. Guangdong Province Branch	Finance	8.2%	7.3%
ALP School	Commercial Services	7.4%	6.2%
TNT Express Worldwide (China) Ltd.	Logistics Services	6.5%	5.9%
Star Cruises and its subsidiaries	Culture, Sports and Entertainment	5.0%	4.9%
Bank of China Limited, Guangzhou Changdi Sub-branch	Finance	0.6%	4.8%
Guangzhou GOME Electrical Appliances Co., Ltd.	Commercial Services	4.7%	4.5%
VF Corporation and its subsidiaries	Commercial Services	2.9%	3.1%
Vision-X Enterprise Management, Ltd. Guangzhou Branch	Commercial Services	3.5%	2.9%
Fairwood (Shenzhen) Fast Food Limited	Food & Beverage Services	1.6%	2.0%
Total		57.0%	59.6%



SHANGHAI - PUDONG NEW DISTRICT

YUE XIU TOWER

YUE XIU TOWER – CONCENTRATED LOCATION FOR HIGH-GROWTH FINANCIAL ENTERPRISES, PREMIUM PROPERTY IN THE CORE AREA OF ZHUYUAN CBD IN PUDONG, SHANGHAI

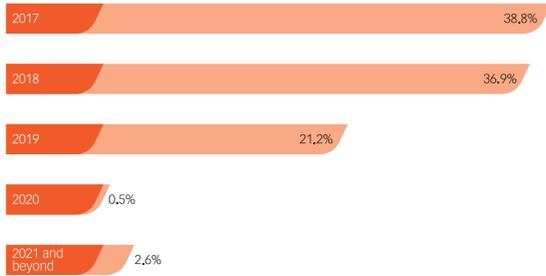
Yue Xiu Tower, located in Zhuyuan commercial district, Pudong, Shanghai, is only two kilometers from the centre of small Lujiazui Finance and Trade Zone. The property, being completed in September 2010, consists of a 25-storey Grade A office building attached with a 2-storey basement, as well as its retail space and car park, with a total gross floor area of 62,139.35 sq.m. and a rental gross floor area of 59,528.91 sq.m. (of which the area of the office building and retail space is 46,026.33 sq.m.). Yue Xiu Tower is situated at the transfer point of Metro Line 2, Line 4, Line 6 and Line 9 and surrounded by many retail and auxiliary facilities, such as banks, convenience stores and restaurants.

Existing tenants of Yue Xiu Tower are a number of renowned enterprises, including Huashe Assets Management, Tebon Innovation Capital, Suning Investment, Nabtesco and Sulzer Pumps Equipment.



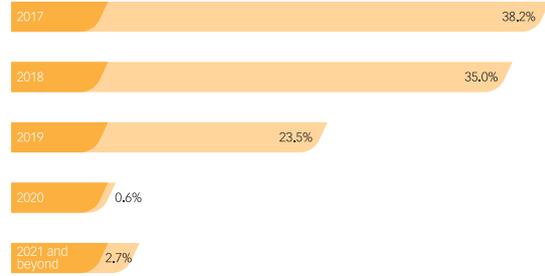
Lease Expiry

(By Rental Area)

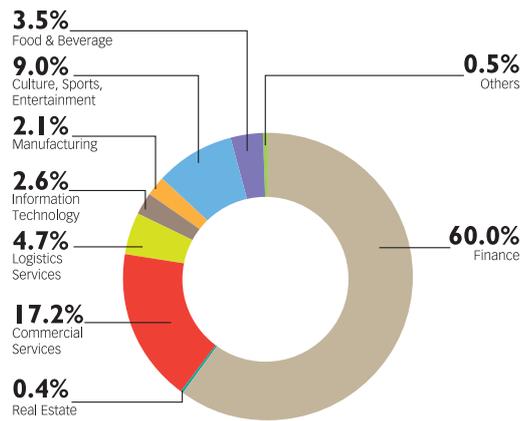


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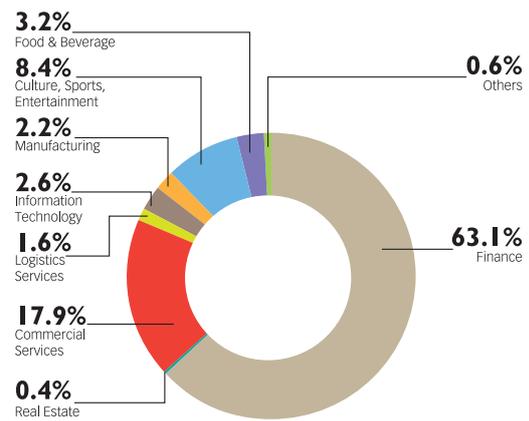
(By Basic Monthly Rentals)



Industry Composition of Tenants By Rental Area



Industry Composition of Tenants By Basic Monthly Rental



TOP 10 TENANTS BY RENTAL INCOME (As at 31 December 2016)

Name of Tenant	Industry	% of gross rental area	% of total monthly rentals
Huashe Assets Management (Shanghai) Co., Ltd.	Finance	4.2%	4.7%
Golden Brick International Investment Co., Ltd. Shanghai Branch	Finance	3.9%	4.5%
Kuaikuai Financial Information Service (Shanghai) Co., Ltd.	Finance	3.9%	4.0%
Markor International Furniture Co., Ltd.	Commercial Services	2.7%	3.4%
Tebon Innovation Capital Co., Ltd.	Finance	3.1%	3.1%
Z-Ben Investment Management Advisory (Shanghai) Co., Ltd.	Finance	2.5%	2.9%
Shanghai Foresee Assets Management Co., Ltd.	Finance	2.5%	2.8%
Shanghai Nabtesco Business Management Co., Ltd.	Manufacturing	2.9%	2.5%
American Baby International Education Ltd.	Commercial Services	2.1%	2.4%
Tecan (Shanghai) Trading Co., Ltd.	Commercial Services	2.2%	2.2%
Total		30.0%	32.5%



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 2016.

HSBC Institutional Trust Services (Asia) Limited

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

Hong Kong, 14 February 2017

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

DIRECTORS

The Directors of the Manager are:

Name	Age	Position
Mr. LIN Zhaoyuan (林昭遠)	47	Chairman and Non-Executive Director
Mr. LIN Deliang (林德良)	47	Executive Director and Chief Executive Officer
Mr. CHENG Jiuzhou (程九洲) (appointed on 11 October 2016)	45	Executive Director and Deputy Chief Executive Officer
Mr. LI Feng (李鋒)	48	Non-Executive Director
Mr. CHAN Chi On, Derek (陳志安)	53	Independent Non-Executive Director
Mr. CHAN Chi Fai, Brian (陳志輝)	62	Independent Non-Executive Director
Mr. CHEUNG Yuk Tong (張玉堂)	59	Independent Non-Executive Director
Mr. CHEN Xiaou (陳曉歐) (appointed on 11 October 2016)	47	Independent Non-Executive Director

Chairman and Non-Executive Director

Mr. LIN Zhaoyuan

Mr. Lin is the chairman and a non-executive director of the Manager. He is also a Vice Chairman, executive director and general manager of Yuexiu Property Company Limited ("Yuexiu Property") (Stock Code: 00123), a deputy general manager of Guangzhou Yue Xiu Holdings Limited (廣州越秀集團有限公司) ("Guangzhou Yuexiu") and Yue Xiu Enterprises (Holdings) Limited ("Yuexiu"), and a chairman of the board of Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) ("GCCD").

Prior to that, Mr. Lin had been chairman of the board of Guangzhou Paper Group Limited (廣州造紙集團有限公司) and an assistant to General Manager of Guangzhou Yue Xiu and Yue Xiu. Mr. Lin has relatively extensive work experience in corporate management, sound and efficient management, cost control and corporate restructuring and development and is more forward-looking and innovative in corporate operations and management.

Mr. Lin holds a bachelor degree of economics and a master of business administration degree of the Sun Yat-Sen University and the qualification of mechanical engineer.

Executive Director and Chief Executive Officer

Mr. LIN Deliang

Mr. Lin is an Executive Director and Chief Executive Officer of the Manager and as one of the Responsible Officers licensed under the SFO and is authorized to carry out type 9 regulated activities. He also supervises the risk management and safety management of Yuexiu REIT.

Prior to joining the Manager, Mr. Lin was the deputy general manager of Guangzhou Dongfang Hotel Group of the Yuexiu group, responsible for, among others, lease and sales, financial revenue management, hotel brand development and tourism affairs. After joining GCCD in 1992, Mr. Lin held various managerial positions in the investment development department of GCCD as well as in Xingye Real Estate Agent Co., Ltd. (being a subsidiary of Yuexiu Property Company Limited) and Guangzhou Investment (HK Property) Company Limited. Mr. Lin participated in and was in charge of investment recommendation, market analysis, feasibility study, sales and marketing programmes for various large scale residential and commercial properties of the Yuexiu group, and was responsible for the sales of properties located in, among others, Hong Kong, Macau, France and Singapore from 2003 to 2005.

Mr. Lin is familiar with investment, sales and operation of properties as well as hotel management. He has over 18 years experience of property investment and operation strategies. Mr. Lin is a qualified Real Estate Appraiser of China, China Land Valuer and China Real Estate Agent.

Mr. Lin 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.

Executive Director and Deputy Chief Executive Officer

Mr. CHENG Jiuzhou

Mr. Cheng Jiuzhou has been appointed as an executive director of the Manager with effect after the close of business on 11 October 2016. Mr. Cheng is currently the deputy chief executive officer of the Manager and one of its responsible officers.

Mr. Cheng, aged 45, joined GCCD in 1996, following which he has held various managerial positions in GCCD and its subsidiaries. From 2006 to 2008, Mr. Cheng was the head supervisor of asset management and the deputy chief executive officer of the Manager. Mr. Cheng subsequently became the general manager and chairman of Guangzhou White Horse Business Management Co., Ltd. and Guangzhou Yicheng Property Management Ltd. (being the leasing agents of Yuexiu REIT) and held office from 2008 to 2014. Mr. Cheng was re-appointed as the deputy chief executive officer of the Manager in 2014 and became one of the Manager's responsible officers in 2016.

Mr. Cheng has over 20 years of experience in real estate market research and the operation and management of commercial real estate. He also holds the practicing qualifications and titles of China Property Valuer, China Registered Property Manager and Senior Economist, and is hired by the Guangzhou Municipal People's Government as a major administrative decision making argumentation expert for Guangzhou City.

Mr. Cheng graduated from the Hubei University in the PRC with a law degree in 1993, and obtained a masters degree in economics from the Jinan University in the PRC.

Non-Executive Director

Mr. LI Feng

Mr. Li is a Non-Executive Director of the Manager. He is also an executive director of Yuexiu Property, a non-executive director of Chong Hing Bank and a director of Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (formerly known as "Guangzhou Friendship Group Co., Ltd."), a company listed on the Shenzhen Stock Exchange (Stock Code: 987).

Besides, Mr. Li is the chief capital officer of, as well as general manager of the capital department of Guangzhou Yue Xiu and Yue Xiu, general manager of the customer resource management and synergy department of Guangzhou Yue Xiu and a director of GCCD, mainly responsible for formulating and implementing major capital management plans of Guangzhou Yue Xiu group, organizing and coordinating the investor relationship of the listed companies of Guangzhou Yue Xiu group, and optimizing and upgrading the customer resource management and synergy of Guangzhou Yue Xiu group. Mr. Li also holds the certificate in Major Administrative Decision-Making and Argumentation (廣州市重大行政決策論證專家) conferred by the Guangzhou Municipal Government. Mr. Li joined Yue Xiu in December 2001 and has successively held positions in Guangzhou Yue Xiu and Yue Xiu including the assistant to general manager, 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 operations of capital markets. Since 2008, he has participated in all of the major capital operation projects of Guangzhou Yue Xiu group; before that, he was also involved in the successful listing of Yuexiu Real Estate Investment Trust, and has extensive practical experience in capital operations.

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 Jinan University. He holds the qualification of a Senior Engineer in China.

Independent Non-Executive Directors

Mr. CHAN Chi On Derek

Mr. Derek Chan is an Independent Non-Executive Director ("INED") of the Manager.

Mr. Derek Chan has over 25 years of experience in the financial services industry and is a co-author of a book on listing procedures and securities rules and regulation in Hong Kong. Mr. Derek Chan is also currently an adjunct professor in the School of Accounting and Finance of the Hong Kong Polytechnic University.

Mr. Derek Chan is currently the chairman of Halcyon Capital Limited and Halcyon Securities Limited, which are engaged in corporate finance and securities businesses in Hong Kong respectively. He worked for the Stock Exchange from 1989 to 1996 and has been an executive director of Haitong International Securities Group Limited (Stock Code: 00665) (formerly known as Taifook Securities Group Limited), a company listed on the Main Board of the Stock Exchange and has been the head of its corporate finance division for 16 years until the end of 2012.

Mr. Derek Chan is also currently an independent non-executive director of Longfor Properties Co. Ltd. (Stock Code: 00960), China Conch Venture Holdings Limited (Stock Code: 00586) and Tianli Holdings Group Limited (Stock Code: 00117), all of which are companies listed on the Main Board of the Stock Exchange. Until his resignation in March 2016, Mr. Derek Chan was an independent non-executive director of Global International Credit Group Limited (Stock Code: 01669), which is also a company listed on the Main Board of the Stock Exchange.

Mr. Derek Chan graduated from the Hong Kong University of Science and Technology with a Master's degree in Business Administration in 1994 and from the University of Hong Kong with a Bachelor's degree in Social Sciences (majoring in Economics) in 1985.

Mr. CHAN Chi Fai Brian

Mr. Brian Chan is an INED of the Manager.

Mr. Brian Chan is currently also a director of the Hong Kong Parkview Group. He 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 the United Kingdom, the Hong Kong Parkview Group is principally engaged in property development and hospitality.

Prior to joining the Hong Kong Parkview Group, Mr. Brian Chan worked in the banking sector from 1978 to 1989, the first seven years of which was with a reputable international bank. The last position Mr. Brian Chan held before leaving his banking career was as Group Financial Controller of IBI Asia (Holding) Limited. During his 11 years in banking, Mr. Brian Chan was involved in international banking operations, mergers and acquisitions as well as financial and risk management.

Mr. Brian Chan is a director of Primeline Energy Holdings Inc. which is listed on the TSX Venture Exchange (stock code: PEH.V).

Mr. Brian Chan is a certified public accountant with professional accounting qualifications in Hong Kong and the United Kingdom, and has a higher diploma in business studies from the Hong Kong Polytechnic University.

Mr. CHEUNG Yuk Tong

Mr. Cheung is an INED of the Manager.

Mr. Cheung joined Baker & McKenzie in 1982 and worked in the Chicago, Beijing, Shanghai and Hong Kong offices of the firm. He was a partner in the corporate group of Baker & McKenzie's Hong Kong office, and was co-head of its Hong Kong and China merger and acquisition practice until June 2013 when he ceased to be a partner of Baker & McKenzie. His practice was focused in the areas of mergers and acquisitions and corporate finance.

Mr. Cheung was a member of the Judging Panel for the Corporate Governance Excellence Awards organized by the Hong Kong Chamber of Listed Companies from 2012 to 2015. He was also a member of the Takeovers and Mergers Panel and the Takeovers Appeals Committee of the Securities and Futures Commission of Hong Kong from 2012 to 2014.

Mr. Cheung graduated from the University of Hong Kong with an LL.B. and a Postgraduate Certificate in Laws, and from the London School of Economics with an LL.M.. He is admitted as a solicitor in Hong Kong and England, and as an attorney-in-law in New York.

Mr. CHEN Xiaoou

Mr. Chen is an INED of the Manager.

Mr. Chen, has over 23 years of professional experience in large scale real estate asset management and investment, fund management, development, planning and design and international business operations. He has been living and working in the PRC, the United States, Hong Kong, Singapore and Australia for many years. He is the Deputy Vice Chairman of The Building Owners and Managers Association China ("BOMA") and a BOMA-certified commercial real estate expert.

Mr. Chen is the Chairman of F.O.G. Capital & Asset Management Corporation, and had been Vice President, China, of CDPQ-Ivanhoe Cambridge. His past experience also includes an executive position in New World China Land, the China property flagship of New World Development Company Limited (Hong Kong Stock Code 00017). He had worked as an architectural designer and urban planner in the United States. Mr. Chen's management record includes large scale mixed-use development, high-end residential, retail, office and hotel projects.

Mr. Chen is a visiting professor of Cheung Kong Graduate School of Business, and is also the MBA Mentor for The School of Business of Renmin University of China. He received an AMDP (Advanced Management Development Program in Real Estate) certificate from the Harvard University Graduate School of Design in 2010, obtained a Master of Architecture degree from The University of New South Wales in Australia in 1999, and obtained a Bachelor of Architecture degree from Northwestern Polytechnical University in China in 1992.

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 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. LIN Zhaoyuan

Mr. Lin is the Chairman and Non-Executive Director of the Manager. Information on his business and working experience have been set out in the subsection headed "Directors" above.

Mr. LIN Deliang

Mr. Lin is the Chief Executive Officer, Executive Director 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. CHENG Jiuzhou

Mr. Cheng is the deputy chief executive officer, Executive Director and one of the Responsible Officers of the Manager. Information on his business and working experience have been set out in the subsection headed "Director" above.

Mr. YU Tat Fung

Mr. Yu is the company secretary and appointed as the Compliance Manager on 1 March 2010 of the Manager. He is also the group general counsel and general manager of the Legal Department of Yue Xiu Enterprises and is responsible for the company secretarial affairs and compliance of the Manager. From October 2004, Mr. Yu was the company secretary of both Yuexiu Property (stock code: 00123) and Yuexiu Transport Infrastructure Limited (stock code: 01052), and he has also been appointed as the company secretary of Yue Xiu Enterprises since January 2014. 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 Yuexiu Property in 1997, he was engaged in private practice with an emphasis on corporate and commercial law.

Mr. KWAN Chi Fai

Mr. Kwan is the Chief Financial Officer and one of the Responsible Officers of the Manager. He is responsible for the financial management of the Group. 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 25 years of experience in finance, accounting and taxation.

Mr. Kwan is a member of Chartered Professional Accountants of Canada, 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.

Ms. OU Haijing

Ms. Ou is the general manager of the asset management department of the Manager. She is responsible for supervise the asset investment of the Manager, including leasing, property management and asset enhancement. She joined the Yuexiu Group in 2002, she was also involved in the successful listing of Yuexiu REIT, and she has been headed the investment team of the Manager from 2007-2009. She was subsequently responsible for the internal governance and human resources management of the Manager from 2009-2015. Before joining the Manager, Ms. OU was mainly engaged in the capital operations and had participated in various mergers and acquisitions and was also involved in the successful listing of Yuexiu REIT.

Ms. Ou has over 10 years of experience in internal government management in Yuexiu REIT. She is now a licensed person under the SFO and is authorized to carry out regulated activities of type 9.

Ms. OU was graduated from Jinan University in the PRC with professional studies in international economics and trade and economic law, and obtained a Bachelor degree in Economics and a Bachelor degree in Law (i.e. a double degree). Subsequently, she completed postgraduate studies in finance at the Lingnan College of Sun Yat-Sen University in 2003.

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 of the Properties. Before joining to Yue Xiu in 2008, 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 The Royal Institute of Chartered Surveyor's License, Fire Services Designer's License, Plumbing and Drainage Engineer's License and Property Manager's License. Ms. Li has over 21 years engineering experience and published papers in various technical publications of China.

Mr. YU Xinyuan, Philip

Mr. Yu is the Owner Representative of Hotels and Apartments of the Manager. Mr. Yu joined the Yuexiu Property since 2008, he was involved in the Four Seasons Hotel and Ascott Serviced Apartment management contracts negotiation and related preopening works for IFC projects. Mr. Yu joined the Manager in 2012, and was the Deputy General Manager of Hotels and Apartments Department. Before joining the Yuexiu Property, Mr. Yu had served as the Department Manager and General Manager in domestic high-star level hotels. Mr. Yu has accumulated abundant experiences on hotel operations, preopening works and asset management.

Mr. Yu graduated from Quanzhou Huaqiao University in 1992 with a Bachelor degree in economics. Mr. Yu is also the members of Hospitality Asset Managers Association Asia Pacific and China Branch.

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 18 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. LIU Bihong

Mr. Liu is the general manager of the internal audit department and the deputy general manager of the compliance department of the Manager, and also the vice president for the legal affairs of the legal department of the Yue Xiu Enterprises. He is mainly responsible for the examination of the correctness and completeness of the records of the operations and transactions, and also responsible for the prevention and management of PRC legal risks, and provides PRC legal support for the Manager's business and investment acquisitions. He assists in compliance work to ensure that conforming to the requirements of the regulatory bodies such as the Hong Kong Stock Exchange and the SFC. He is also responsible for the corporate service of the Manager. Mr. Liu joined the GCCD Group in 1999 and worked in legal department. He was involved in the successful listing of Yuexiu REIT.

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

Mr. Liao is the director of the Shanghai project and the responsible person of the Shanghai project posted by the Manager. Mr. Liao joined the Yuexiu 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. He was involved in the successful listing of Yuexiu REIT, and had been the general manager of the investment department, head of the investment department and assistant to Chief Executive Officer of the Manager from 2005-2015. Before joining the Manager, 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 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.

THE LEASING AGENTS

THE LEASING AGENTS

Yicheng was incorporated in the PRC in 1997 and is 85.7% owned by Yuexiu Property. It was GB/T19001-2008 and ISO9001:2008 certified in 2015.

Baima BM (previously known as Guangzhou White House Property Management Co. Ltd was incorporated in the PRC in 1998) 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 2013.

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 of GZIFC and Shanghai Yue Xiu Tower.

CONFLICTS OF INTEREST

Yuexiu Property, 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 Yuexiu Property 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 Yuexiu Property Group has effected an internal restructuring which resulted in White Horse PM, Yicheng and GZAM (together "Leasing Agents") only being solely responsible for providing leasing and marketing services to Yuexiu REIT's properties and another company within the Yuexiu Property group ("YXP Property Manager") will be 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"), Shanghai Hong Jia Real Estate Development Co., Ltd. ("Shanghai Hong Jia") 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.

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, Mr. Lin Deliang and Mr. Cheng Jiuzhou, the Executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Kwan Chi Fai 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

As at 31 December 2016, the board of Directors of the Manager ("Board") currently comprises eight members, four 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 half 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, he must declare the nature of his interest during the Board meeting or by giving a general notice to the Board, whichever is earlier 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 twelve full Board meetings, none of which was held by means of written resolution, during the Reporting Year and the attendance of individual directors at such Board meetings is as follows:

Members of the Board	Number of meetings attended
Chairman and Non-executive Director	
Mr. Lin Zhaoyuan (appointed 1 April 2016)	10
Executive Directors	
Mr. Lin Deliang	12
Mr. Cheng Jiuzhou (appointed on 11 October 2016)	3
Non-executive Director	
Mr. Li Feng	12
Independent Non-executive Directors	
Mr. Chan Chi On, Derek	12
Mr. Chan Chi Fai, Brian	12
Mr. Cheung Yuk Tong	12
Mr. Chen Xiaou (appointed on 11 October 2016)	3

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 the date of this report, the members of the Audit Committee are Mr. Chan Chi On, Derek, Mr. Cheung Yuk Tong 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, seven meetings of the Audit Committee were held, none of which was held by means of written resolution.

Audit Committee meeting was held during 2016 for considering and reviewing 2015 annual result, 2016 interim result, 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 Fai, Brian (Chairman)	7
Mr. Chan Chi On, Derek	7
Mr. Cheung Yuk Tong	7

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

FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee comprises five Directors, including the Chairman, the Chief Executive Officer and at least one INED. As at the date of this report, the members of the Finance and Investment Committee are Mr. Lin Zhaoyuan, Mr. Lin Deliang, Mr. Li Feng, Mr. Chan Chi On, Derek and Mr. Chan Chi Fai, Brian, Mr. Lin Deliang is the Chairman of the Finance and Investment Committee. 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 meeting was held during 2016 for reviewing 2015 annual result, 2016 interim result, Bank loan refinancing, foreign exchange and capital renovation of Yuexiu REIT.

The Finance and Investment Committee has held eight meetings, none of which was held by means of written resolution, during the Reporting Year, and the attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Lin Deliang (Chairman)	8
Mr. Li Feng	8
Mr. Lin Zhaoyuan	6
Mr. Chan Chi On, Derek	8
Mr. Chan Chi Fai, Brian	8

Note: The Board approved the appointment of Mr. Cheng Jiuzhou and Chen Xiaou as members of Finance and Investment Committee on 14 February 2017.

DISCLOSURES COMMITTEE

The Disclosures 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 Disclosures 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 Disclosures 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 Yuexiu REIT 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 Disclosures Committee members are appointed by the Board from among the Directors. The Disclosures Committee presently consists of two members, namely, Mr. Lin Deliang and Mr. Chan Chi On, Derek, is the chairman of the Disclosures Committee.

The Disclosures Committee meets on a half yearly basis and otherwise on an as-needed basis. During the Reporting Year, sixteen meetings of the Disclosures Committee were held, eleven of which were held by means of written resolutions.

The Disclosures Committee meeting was held during 2016 for considering and reviewing results announcements, interim and annual reports 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. Chan Chi On, Derek (Chairman)	16
Mr. Lin Deliang	16

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises of one member appointed by Manager and three INEDs. As at the date of this report, the members of the Remuneration and Nomination Committee are Mr. Lin Zhaoyuan, Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brian and Mr. Cheung Yuk Tong. Mr. Cheung Yuk Tong is the Chairman of the Remuneration and Nomination Committee. 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 2016 for appointing a new executive director and an independent non-executive director, addition of a new Responsible Officer, reviewing the performance management and manpower deployment of the Yuexiu REIT and the Manager and reviewing the structure, size and composition of the board and committees.

The Remuneration and Nomination Committee has held four meetings, one of which was held by means of written resolution during the Reporting Year and the attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Cheung Yuk Tong (Chairman)	4
Mr. Lin Zhaoyuan	3
Mr. Chan Chi On, Derek	4
Mr. Chan Chi Fai, Brian	4

INDEPENDENT BOARD COMMITTEE

Independent Board Committee presently comprises of four INEDs, namely, Mr. Chan Chi On, Derek, Mr. Cheung Yuk Tong, Mr. Chan Chi Fai, Brian and Mr. Chen Xiaoou.

No Independent Board Committee has held during the Reporting Year.

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 the Reporting 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 2016 to 31 December 2016 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. Lin Deliang	√	√
Mr. Cheng Jiuzhou	√	√
Non-Executive Director		
Mr. Lin Zhaoyuan	√	√
Mr. Li Feng	√	√
Independent Non-Executive Directors		
Mr. Chan Chi On, Derek	√	√
Mr. Chan Chi Fai, Brian	√	√
Mr. Cheung Yuk Tong	√	√
Mr. Chen Xiaoou	√	√

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 in office longest 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.

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.

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.

Directors may be nominated for appointment and/or removal by the Board (following a recommendation made by the Remuneration and Nomination Committee), provided that if the Director so appointed is an INED, he/she shall hold office only until the next general meeting of the Yuexiu REIT and shall then be eligible for re-election at that meeting. Such re-election of INED shall be approved by Unitholders by way of an Ordinary Resolution.

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.

RISK MANAGEMENT AND INTERNAL CONTROL

To maintain a more effective and efficient business operation and sustainable business growth, Yuexiu REIT's risk management framework was elevated in 2016 systematically determining business risk and setting up risk management structure, procedures and related information.

Our risk management framework is guided by three defensive lines of risk management and control. First line of defense are the front line operation departments and different functional departments, they are responsible for monitoring performance against the operational and management indicators and will submit the control report regularly to the risk management team for review. The second line of defense is the risk management team, they are responsible for developing pertinent operational and management indicators, collecting, summarizing and analyzing the result from the control report. The third line of defense is the internal audit team responsible for carrying out independent objective assurance, evaluating the reasonableness of all risk indicators and operational procedures. Moreover, they need to report to the Board regularly.

The Board meets quarterly or more frequently, if necessary, to review the risk report submitted by the internal audit team and the effectiveness and adequacy of internal control of the major operation procedures of Yuexiu REIT.

Moreover, the Board has reviewed the financial performance of Yuexiu REIT, 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 Manager has established the following procedures to deal with conflict of interest:

- 1) The 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 half of the Board comprise INEDs.
- 4) INED appointment should be approved by Unitholders by way of an Ordinary Resolution.

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 venue 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 businesses, 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 years 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 Deals 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 2017.

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 GZIFC and Yue Xiu Tower 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 2016 Reporting Year (RMB)
City Development Plaza									
Guangzhou Yicheng Property Management Limited ("Yicheng")	1/F ⁽¹⁾	an associate of the Manager	97.00	1 May 2013	485	5	0	3	11,965
Yicheng	19/F	an associate of the Manager	1,844.34	30 Jan 2013	217,632	118	122	5.33	2,459,301
Guangzhou City Construction & Development Xingye Property Agent Ltd ("Xingye")	27, 28/F	an associate of the Manager	3,688.68	16 Dec 2012	461,085	125	121	5.04	5,240,737
Golden Eagle Asset Management Co., Ltd ("Golden Eagle") ⁽²⁾	22/F	an associate of the Manager	1,844.34	1 Jan 2016	221,321	120	0	0.25	663,963
Golden Eagle ⁽²⁾	23/F	an associate of the Manager	1,844.34	1 Jan 2016	171,345	120	0	0.07	171,345
Sub-total:									8,547,311

⁽¹⁾ On 1 May 2016, Yicheng entered into a lease with Full Estates Investment Limited in respect of 1/F of City Development Plaza, renewing the existing term for 3 years commencing 1 May 2016, with an adjusted rent of RMB13.5/sq.m./month.

⁽²⁾ 廣州友誼集團股份有限公司 becomes the 100% shareholder of Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ("YXFH"). On 1 May 2016, YXFH and its subsidiaries are not the connected parties of Yuexiu REIT.

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 2016 Reporting Year (RMB)
Neo Metropolis									
Guangzhou White Horse Clothings Market Ltd	Basement 2, 3/F	an associate of the Manager	7,621.03	1 Jan 2016	108,334	14	0	3	1,262,970
								Sub-total:	1,262,970
Fortune Plaza									
廣州越秀小額貸款有限公司 ⁽¹⁾	Podium 303	an associate of the Manager	501.05	1 Apr 2013	55,116	110	61	4	220,034
								Sub-total:	220,034

⁽¹⁾ 廣州友誼集團股份有限公司 becomes the 100% shareholder of YXFH. On 1 May 2016, YXFH and its subsidiaries are not the connected parties of Yuexiu REIT.

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 2016 Reporting Year (RMB)
GZIFC									
廣州越秀企業集團有限公司	0601-A	an associate of the Manager	1,224.74	1 Jan 2016	264,544	216	0	3	3,009,613
Guangzhou Grandcity Development Ltd.	0601-G, H	an associate of the Manager	877.03	1 Jan 2016	189,438	216	0	3	2,155,165
廣州市宏錦房地產開發有限公司	1501, 1601	an associate of the Manager	6,297.82	1 Jan 2016	1,580,753	251	0	3	17,967,822
GCCD	5801-B, 02, 03, 04-A	an associate of the Manager	1,196.58	1 Jan 2015	324,154	271	0	1.42	1,661,116
廣州東耀房地產開發有限公司	5801-B, 02, 03, 04-A	an associate of the Manager	1,196.58	1 Jun 2016	324,148	271	0	3	2,226,747
廣州越秀企業集團有限公司	5801-A ⁽⁹⁾	an associate of the Manager	512.64	1 Jan 2015	138,868	271	0	1.42	1,665,611
廣州越秀企業集團有限公司	6401, 6501	an associate of the Manager	6,509.02	1 Jan 2016	2,375,792	365	0	3	26,908,745
GCCD	0440-E	an associate of the Manager	859.98	1 Jan 2016	157,720	183	0	1	1,832,557
GCCD	0440-F	an associate of the Manager	267.18	1 Jan 2016	49,001	183	0	1	588,012
廣州越秀企業集團有限公司	0440-H	an associate of the Manager	384.07	1 Jan 2016	70,438	183	0	1	818,423
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. ("Guang Zheng") ⁽¹⁾	6301-C	an associate of the Manager	811.63	1 Jan 2016	282,447	348	0	3	1,093,541
GCCD	1401	an associate of the Manager	3,071.42	1 Jan 2016	770,926	251	0	3	8,659,316
廣州市祥港房地產開發有限公司	1101 ⁽⁹⁾	an associate of the Manager	2,991.38	1 Jan 2016	750,836	251	0	3	8,080,417
廣州穗橋發展有限公司	1701-D	an associate of the Manager	200.99	1 Jan 2015	50,426	251	0	3	603,329
Guangzhou Yuexiu Asset Management Company Limited ("GZAM")	0601-E	an associate of the Manager	46.82	1 Jan 2015	10,123	216	0	3	121,138

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 2016 Reporting Year (RMB)
GZAM	0601-D ^⑧	an associate of the Manager	138.72	1 Sep 2013	27,605	199	0	3	337,678
GZAM	0440-D	an associate of the Manager	171.16	1 Jan 2016	31,391	183	0	1	364,732
廣州越騰信息有限公司	1701-C	an associate of the Manager	266.86	1 Jan 2015	66,953	251	0	3	801,058
廣州越騰公路運營管理有限公司	1701-B	an associate of the Manager	261.29	1 Jan 2015	65,555	251	0	3	784,335
Yuexiu (China) Transport Infrastructure Investment Company Limited	0440-A	an associate of the Manager	152.38	1 Jan 2016	27,946	183	0	1	324,706
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. ("GZYXIFM") ^⑩	6301-A, E	an associate of the Manager	696.58	1 Jan 2016	242,410	348	0	1	938,530
GZYXIFM ^⑩	0440-C	an associate of the Manager	73.06	1 Jan 2016	13,399	183	0	1	53,157
YXFH ^⑪	0601-B	an associate of the Manager	227.87	1 Jan 2016	49,220	216	0	3	191,395
YXFH ^⑪	6301-B	an associate of the Manager	930.54	1 Jan 2016	323,828	348	0	3	1,253,754
YXFH ^⑪	0440-B	an associate of the Manager	233.78	1 Jan 2016	42,875	183	0	1	170,095
Guangzhou Yuexiu Financial Leasing Co., Ltd. ("GZYXFL") ^⑫	6301-D, F	an associate of the Manager	860.73	1 Jun 2013	275,434	320	0	3	1,141,476
GZYXFL ^⑫	5604	an associate of the Manager	533.50	1 Jan 2016	137,643	258	0	0.58	547,341
Guangzhou Securities Co., Ltd. ^⑬	0601-C	an associate of the Manager	248.05	1 Jan 2016	53,579	216	0	3	208,346
Guangzhou Securities Co., Ltd. ^⑬	1901, 2001	an associate of the Manager	6,399.43	1 Jan 2016	1,715,047	268	0	3	6,643,985
GZAM	5804-B ^⑭	an associate of the Manager	242.29	1 Jan 2015	65,637	271	0	1.42	787,240
Yuexiu (China) Transport Infrastructure Investment Company Limited	5804-C · 05-A ^⑮	an associate of the Manager	398.75	1 Jan 2015	108,020	271	0	1.42	1,295,584
YXFH ^⑪	5805-B · 06-A	an associate of the Manager	507.40	1 Jan 2015	137,464	271	0	1.42	566,232

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 2016 Reporting Year (RMB)
Guangzhou Securities Co., Ltd. ⁽¹⁾	5806-B	an associate of the Manager	213.70	1 Jan 2015	57,854	271	0	1.42	238,310
GZVFL ⁽¹⁾	5806-C	an associate of the Manager	133.50	1 Jan 2015	36,194	271	0	1.42	149,089
Guangzhou Paper Group Ltd.	5806-D ⁽²⁾	an associate of the Manager	85.49	1 Jan 2015	23,161	271	0	1.42	277,779
Guangzhou Building Materials Enterprise Group Co., Ltd.	5806-E · 07-A ⁽²⁾	an associate of the Manager	85.49	1 Jan 2015	23,161	271	0	1.42	277,779
廣州鈦白粉廠	5807-B ⁽²⁾	an associate of the Manager	85.49	1 Jan 2015	23,161	271	0	1.42	277,779
Guangzhou Securities Co., Ltd. ⁽¹⁾	401-B ⁽²⁾	an associate of the Manager	1,422.14	27 Feb 2015	220,432	155	0	1	781,656
Chong Hing Bank Limited Guangzhou Tianhe Sub-branch ("Chong Hing Bank") ⁽²⁾	4605	an associate of the Manager	558.36	30 Mar 2015	138,473	248	0	1	393,783
GZAM	4001 · 02 · 03 · 05 · 06	an associate of the Manager	2,882.42	1 May 2015	706,193	245	0	3	7,646,156
Guangzhou Securities Co., Ltd. ⁽¹⁾	706-707	an associate of the Manager	474.16	15 Apr 2015	76,814	162	0	3	293,421
YXFH ⁽¹⁾	4706-A	an associate of the Manager	300.00	12 May 2015	73,500	245	0	0.64	292,274
GZVFL ⁽¹⁾	4706-B	an associate of the Manager	246.91	12 May 2015	60,493	245	0	0.64	240,552
Guangzhou Securities Co., Ltd. ⁽¹⁾	501	an associate of the Manager	2,868.01	20 Jun 2015	458,882	160	0	3	1,702,324
Guangzhou Securities Co., Ltd. ⁽¹⁾	0440-G	an associate of the Manager	392.42	1 Jan 2016	71,970	183	0	1	285,520
Yuexiu (China) Transport Infrastructure Investment Company Limited	0601-F	an associate of the Manager	126.99	1 Jan 2015	27,458	216	0	3	328,570
Yuexiu (China) Transport Infrastructure Investment Company Limited	1701-A	an associate of the Manager	1,585.09	1 Jan 2015	397,683	251	0	3	4,758,111
Guangzhou Securities Co., Ltd. ⁽¹⁾	1001-1006 ⁽²⁾	an associate of the Manager	1,486.34	1 Jan 2016	267,541	180	0	3	992,441
Guangzhou Futures Co., Ltd. ⁽¹⁾	1007-1012 ⁽²⁾	an associate of the Manager	1,486.52	1 Jan 2016	267,574	180	0	3	992,563
Beijing Jones Lang LaSalle Property Management Services Company Limited, Guangzhou Branch	2403	an associate of the Manager	534.80	16 Jan 2013	112,308	210	0	3.67	885,809

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 2016 Reporting Year (RMB)
GZYXFL ⁽¹⁾	0440-I	an associate of the Manager	135.68	1 Jan 2016	24,884	183	0	1	98,720
Guang Zheng ⁽¹⁾	0440-J	an associate of the Manager	29.22	1 Jan 2016	5,359	183	0	1	21,260
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZYXJLL")	Carpark ⁽²⁾	an associate of the Manager	71,082.79	1 Jul 2015	1,240,833	17	0	1	14,612,541
Chong Hing Bank ⁽³⁾	podium 103 · 203	an associate of the Manager	631.28	1 Jan 2015	233,068	369	0	2.5	2,521,935
Yuexiu (China) Transport Infrastructure Investment Company Limited	1701-E	an associate of the Manager	855.96	1 Mar 2016	196,871	230	0	1.83	1,776,316
YXFH ⁽⁴⁾	3406 ⁽⁵⁾	an associate of the Manager	273.00	1 Oct 2015	66,885	245	0	0.5	265,527
YXFH ⁽¹⁾	3601	an associate of the Manager	283.16	1 Jan 2016	71,356	252	0	0.33	285,424
Sub-total:									134,196,835

⁽¹⁾ 廣州友誼集團股份有限公司 becomes the 100% shareholder of YXFH. On 1 May 2016, YXFH and its subsidiaries are not the connected parties of Yuexiu REIT.

⁽²⁾ On 1 March 2016, Guangzhou Securities Co., Ltd. entered into a lease with IFC Company in respect of unit 401-B of GZIFC, renewing the existing term for 2 months commencing from 1 March 2016, and the unit price of rent remain unchanged.

⁽³⁾ The tenant of units 1001-1006, 1007-1012 has been changed from GCCD to Guangzhou Securities Co., Ltd. and Guangzhou Futures Co., Ltd. on 1 January 2016, as negotiated, with an adjusted rent of RMB180/sq.m./month.

⁽⁴⁾ On 1 April 2016, YXFH entered into a lease with IFC Company in respect of unit 3406 of GZIFC, renewing the existing term for 1 year commencing 1 April 2016, and the unit price of rent remain unchanged.

⁽⁵⁾ On 1 June 2016, 廣州越秀企業集團有限公司, GZAM, Yuexiu (China) Transport Infrastructure Investment Company Limited, Guangzhou Paper Group Ltd., Guangzhou Building Materials Enterprises Group Co., Ltd., 廣州鈦白粉廠 each entered into a lease with IFC Company in respect of units 5801-A, 5804-B, 5804-C · 05-A, 5806-D, 5806-E · 07-A, 5807-B of GZIFC, renewing the existing term for 3 years commencing 1 June 2016, and the unit price of rent remain unchanged.

⁽⁶⁾ Chong Hing Bank Limited Guangzhou Sub-branch was renamed to Chong Hing Bank Limited Guangzhou Tianhe Sub-branch effective from 26 April 2016.

⁽⁷⁾ On 1 July 2016, GZYXJLL entered into a lease with IFC Company in respect of car park of GZIFC, renewing the existing term for 1 year commencing from 1 July 2016 and the unit price of rent remain unchanged.

⁽⁸⁾ On 1 September 2016, GZAM entered into a lease with IFC Company in respect of unit 601-D of GZIFC renewing the existing term for 3 years commencing from 1 September 2016, and the unit price of rent remain unchanged.

⁽⁹⁾ On 30 September 2016, 廣州市祥港地產開發有限公司 entered into a supplementary agreement to terminate the leasing contract of unit 1101.

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 2016 Reporting Year (RMB)
Yue Xiu Tower									
Chong Hing Bank Limited Shanghai Branch	1807	an associate of the Manager	142.05	1 Jun 2016	43,207	304	0	1.92	304,242
Guangzhou Yicheng Property Management Co., Limited Shanghai Branch ("Yicheng Shanghai")	Carpark	an associate of the Manager	13,502.58	1 Sep 2015	150,000	11	0	2.33	1,744,672
Sub-total:									2,048,914
Total:									146,276,064

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 2016 Reporting Year (RMB)
Guangzhou Baima Business Operation Management Co. Ltd ("Baima BM") ⁽¹⁾⁽⁵⁾	an associate of the Manager	White Horse Building	1 Jan 2014	Property Management Agreement	N/A
Yicheng ⁽²⁾	an associate of the Manager	Fortune Plaza	1 Jan 2014	Property Management Agreement	N/A
Yicheng ⁽³⁾	an associate of the Manager	City Development Plaza	19 Jul 2013	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
Yicheng ⁽⁴⁾	an associate of the Manager	Neo Metropolis	1 Jan 2014	Property Management Agreement	N/A
GZYXJLL	an associate of the Manager	GZIFC	1 Sep 2009	Property Management Agreement	N/A
Yicheng Shanghai	an associate of the Manager	Yue Xiu Tower	1 Sep 2015	Property Management Agreement	N/A

⁽¹⁾ Guangzhou White Horse Property Management Co. Ltd was renamed to Guangzhou Baima Business Operation Management Co., Ltd. ("Baima BM") effective from 29 March 2016.

⁽²⁾ Yicheng entered into a property management agreements with the owners' committee of Fortune Plaza, renewing the existing term for 3 years commencing 1 January 2017, and other terms remain unchanged.

⁽³⁾ On 19 July 2016, Yicheng entered into a property management agreements with the owners' committee of City Development Plaza, renewing the existing term for 3 years commencing 19 July 2016, and other terms remain unchanged.

⁽⁴⁾ Yicheng entered into a property management agreements with the owners' committee of Neo Metropolis, renewing the existing term for 3 years commencing 1 January 2017, and other terms remain unchanged.

⁽⁵⁾ Baima BM entered into a property management agreements with Partat Investment Ltd and white Horse JV, renewing the existing term for 3 years commencing 1 January 2017, and other terms remain unchanged.

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 2016 Reporting Year (RMB)
Baima BM	an associate of the Manager	White Horse Building	31 Dec 2014	Tenancy Services Agreement	12,035,000
Yicheng	an associate of the Manager	Fortune Plaza	31 Dec 2014	Tenancy Services Agreement	2,755,000
Yicheng	an associate of the Manager	City Development Plaza	31 Dec 2014	Tenancy Services Agreement	2,510,000
Yicheng	an associate of the Manager	Victory Plaza	31 Dec 2014	Tenancy Services Agreement	2,576,000
Yicheng	an associate of the Manager	Neo Metropolis and Fortune Plaza 1701	31 Dec 2014	Tenancy Services Agreement	2,614,000
GZAM	an associate of the Manager	GZIFC	1 Jan 2016	Tenancy Services Agreement	14,415,000
Guangzhou Yuexiu Asset Management Co., Ltd. Shanghai Branch	an associate of the Manager	Yue Xiu Tower	1 Sep 2015	Tenancy Services Agreement	4,072,000

TRADE MARK LICENCE AGREEMENTS

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

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2016 Reporting Year	Licence Period
Baima BM	an associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	1 January 2007 to 27 November 2016 and 30 January 2017 ⁽¹⁾
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") ⁽²⁾	an associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

⁽¹⁾ The licences period of Baima BM trademark granted to Yuexiu REIT are renewed to 27 November 2026, 6 December 2026, 13 December 2026, 13 January 2027 and 20 January 2027.

⁽²⁾ The Trademarks were assigned from Yue Xiu Enterprise (Holdings) Limited to Guangzhou Yuexiu Holdings Limited.

CONSTRUCTION SETTLEMENT AGENCY AGREEMENT

The following table sets forth information for the period in relation to the prepaid construction payable by Yuexiu REIT to the connected parties and the interest charged on the balance of prepaid construction payable:

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Prepaid Construction Payable for 2016 Reporting Year (RMB)	Nature of Transaction	Amount received/receivable for 2016 Reporting Year (RMB)
GCCD	an associate of the Manager	4 May 2012	131,351,000	Interest on the balance of construction payable	15,798,000

ORDINARY BANKING SERVICES

Name	Nature of transaction	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/payable within the 2016 Reporting Year	Amount of interest paid/payable within the 2016 Reporting Year (RMB)
Chong Hing Bank	Loan ⁽¹⁾	An associate of the Manager	Nov 2016	400,000,000	—	2,812,000

⁽¹⁾ Chong Hing Bank Limited was one of the lending banks.

GUARANTEE FROM FOUNDING SHAREHOLDERS

Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. had a 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), 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.

In November 2016, that syndicated development loan had fully been repaid.

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 11 December 2014, 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 ("INEDs") and other terms and conditions. For detailed terms and conditions of the waiver, please refer to the circular dispatched to Unitholders on 25 November 2014.

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)).

CORPORATE FINANCE TRANSACTIONS AND ORDINARY BANKING SERVICES

The following table sets forth information for the period in relation to the corporate finance transactions and 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 2016 Reporting Year	Amount of interest paid/payable within the 2016 Reporting Year
Loan ⁽¹⁾⁽²⁾	13 December 2013	HK\$276,315,789	—	RMB6,007,000

⁽¹⁾ HSBC was one of the lending banks.

⁽²⁾ The loan was repaid on 14 November 2016.

GZI REIT (Holding) 2005 Company Limited, Partat, Keen Ocean, Full Estates, Moon King, Metrogold Development Ltd ("Metrogold"), Ever Joint Investment International Limited ("Ever Joint"), Long Grace Holdings Limited ("Long Grace"), Profit Link Investment International Limited ("Profit Link"), San Bright Holdings Limited ("San Bright") and Yuexiu REIT MTN Company Limited have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the 2016 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:

- in the ordinary and usual course of business of Yuexiu REIT;
- 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
- 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 or other connected transaction (save for those disclosed above) with the HSBC Group during the 2016 Reporting Year.

MANAGER'S FEES

During the 2016 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB129,907,000, 85% of which was settled by the issuance of new Units, and 15% was settled in cash.

TRUSTEE'S FEES

During the 2016 Reporting Year, the aggregate amount of fees paid/payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB9,186,000.

PRINCIPAL VALUER'S FEES

During the 2016 Reporting Year, the aggregate amount of fees paid/payable by Yuexiu REIT to the Principal Valuer was approximately RMB1,000,000.

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 Officer 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 2016		As at 31 December 2016		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Lin Zhaoyuan	Personal	240	0.000008%	240	0.000008%	—
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Mr. Cheng Jiuzhou	Personal	480	0.000017%	480	0.000016%	(0.000001%)
Mr. Li Feng	Personal	1,825	0.000065%	1,825	0.000062%	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—
Mr. Cheung Yuk Tong	—	Nil	—	Nil	—	—
Mr. Chen Xiaouu	—	Nil	—	Nil	—	—

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 2016		As at 31 December 2016		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Guangzhou Yuexiu Holdings Limited ("GZYX") ⁽¹⁾	Deemed	1,792,064,948 ⁽³⁾	63.35% ⁽⁴⁾	1,820,079,058 ⁽³⁾	62.29%	(1.06%)
	Total	1,792,064,948 ⁽³⁾	63.35% ⁽⁴⁾	1,820,079,058 ⁽³⁾	62.29%	(1.06%)
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Beneficial	27,320	—	27,320	—	—
	Deemed	1,792,037,628 ⁽³⁾	63.35% ⁽⁴⁾	1,820,051,738 ⁽³⁾	62.29%	(1.06%)
	Total	1,792,064,948 ⁽³⁾	63.35% ⁽⁴⁾	1,820,079,058 ⁽³⁾	62.29%	(1.06%)
Yuexiu Property ⁽²⁾⁽⁵⁾	Beneficial	—	—	—	—	—
	Deemed	1,782,803,363 ⁽³⁾	63.02% ⁽⁴⁾	1,810,817,473 ⁽³⁾	61.98%	(1.04%)
	Total	1,782,803,363 ⁽³⁾	63.02% ⁽⁴⁾	1,810,817,473 ⁽³⁾	61.98%	(1.04%)
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	1,697,125,730 ⁽³⁾	59.99% ⁽⁴⁾	1,697,125,730 ⁽³⁾	58.09%	(1.90%)
	Deemed	—	—	—	—	—
	Total	1,697,125,730 ⁽³⁾	59.99% ⁽⁴⁾	1,697,125,730 ⁽³⁾	58.09%	(1.90%)

CONNECTED PARTY TRANSACTIONS

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

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	1,820,051,738 ⁽³⁾	—
Excellence Enterprises Co., Ltd.	Yue Xiu	100.00	N	1,818,752,508 ⁽³⁾	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	N	1,810,817,473 ⁽³⁾	—
Bosworth International Limited	Excellence Enterprises Co., Ltd.	100.00	Y	5,698,282	—
Yuexiu Property	Bosworth International Limited	33.89	N	1,810,817,473 ⁽³⁾	—
Dragon Yield	Yuexiu Property	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	—
Yuexiu International Investment Limited ("YXII") ⁽⁵⁾	Yuexiu Property	100.00	Y	113,691,743	—

⁽²⁾ The deemed interest in 1,810,817,473 Units were held through Dragon Yield and YXII, both are 100% owned subsidiaries of YXP.

⁽³⁾ The number of units includes 668,401,494 deferred units. 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 39.42%, while the approximate interest in Yuexiu REIT held by YXP, Dragon Yield and YXII will be approximately 39.1%.

⁽⁵⁾ Yuexiu Property placed all of the Units held by YXII to independent third parties on 14 March 2017.

Holdings of 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 2016		As at 31 December 2016		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Liao Ningjun	Personal	1,250	0.000044%	1,250	0.000043%	(0.000001%)
Ms. Chen Huiqing	Personal ⁽¹⁾	510	0.000018%	510	0.000017%	(0.000001%)
Ms. Ou Haijing	Personal	1,000	0.000035%	1,000	0.000034%	(0.000001%)
Mr. Liu Bihong	Personal	225	0.000008%	225	0.000008%	—

⁽¹⁾ 255 units held by spouse

Holdings of Other Connected Person

Name	Nature of interest	As at 1 January 2016		As at 31 December 2016		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Trustee	Deemed ⁽¹⁾	283,900	0.01%	27,762,950	0.95%	0.94%

⁽¹⁾ Associated company of the trustee (as defined in the REIT Code) were beneficially interested in such units as at 31 December 2016.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Vigers, holding any Units as at 31 December 2016.

The Manager highly values investor relations management and strives to continuously enhance the quality and standard of smooth communication, in order to strengthen and maintain communication between the Yuexiu REIT and investors to elevate the investing public's in-depth understanding of the Yuexiu REIT, and establish the Yuexiu REIT's good market image.

COMMUNICATION ACTIVITIES WITH UNITHOLDERS AND INVESTORS

As GZIFC stepped into the stable maturity stage and operation was enhanced upon the successful acquisition of Shanghai Yue Xiu Tower in 2016, attention of capital markets on the Yuexiu REIT was raised significantly. Meanwhile we also continuously strengthened our efforts in investor relations by fully utilizing various investor communication channels, such as analysts' meetings and press conferences for interim and annual results, annual general meeting of unitholders, roadshows and promotional activities, investment seminars held by investment banks, conference calls, on-site visits to investment projects by investors and media and continuous update of website contents, to enhance the investing public's understanding of the Yuexiu REIT. During the year, the Manager and the investor relations team participated in a total of 35 meetings in 10 large-scale investment seminars held by investment banks, 32 roadshows for investors and 9 on-site visits to our projects.

MAJOR INVESTOR RELATIONS ACTIVITIES IN 2016

Month	Place	Activities
February	Hong Kong	Held the analyst meeting and press conference for the 2015 annual results announcement
	Hong Kong	Participated in the 2015 annual results road show conference organized by Morgan Stanley
March	Singapore	Participated in the 2015 annual results road show conference organized by DBS
	Japan	Participated in the 2016 Tokyo Investment Seminar organized by Daiwa Capital
April	Hong Kong	Participated in the Investor Conference organized by Morgan Stanley
	Hong Kong	Participated in the 6th Greater China Seminar organized by HSBC
June	Hong Kong	Participated in the Greater China Seminar organized by Macquarie
August	Hong Kong	Participated in the Asia Finance and Real Estate Summit organized by Citibank
September	Hong Kong	Held the analyst meeting and press conference for the 2016 interim results announcement
	Hong Kong	Participated in the 2016 interim results road show conference organized by Morgan Stanley
	Hong Kong	Participated in the 2016 interim results road show conference organized by DBS
	Singapore	Participated in the 2016 interim results road show conference organized by DBS
November	Hong Kong	Participated in the REIT Day Seminar organized by Daiwa Capital
	Singapore	Participated in the Investor Conference organized by DBS
November	Beijing	Participated in the 2016 China Investment Seminar organized by Bank of America Merrill Lynch
	Macau	Participated in the 11th China Investor Conference organized by Citibank
	Singapore	Participated in the 15th Asia Summit organized by Morgan Stanley

ANALYSIS COVERAGE

With continuous and steady growth of the Yuexiu REIT's business, in particular after the injection of GZIFC and the successful acquisition of Shanghai Yue Xiu Tower, the capital market was increasingly interested in the performance of the Yuexiu REIT in 2016. A number of securities institutions published a number of research reports on the Yuexiu REIT during the year. 11 securities institutions (including Morgan Stanley, BOC International, Citibank, JP Morgan Chase, Macquarie, Daiwa Capital, GF Securities, Credit Suisse, Industrial Securities, Orient Securities and Central China International) issued a number of research reports on Yuexiu REIT during the year, and most of the research reports recommended the rating of "Buy in", indicating that the analysts were optimistic about the future development prospects of the Yuexiu REIT.

AWARDS

Yuexiu REIT is the first Hong Kong listed real estate investment trust with properties located in the PRC. In 2016, by leveraging on good corporate governance, bright development prospects and professional efforts in investor relations, a number of reputable awards were won by the Yuexiu REIT and the Manager (Please refer to the following table for details). Meanwhile, the REIT was incorporated into the "HSCI - LargeCap & MidCap Index", "Hang Seng High Dividend Yield Index" and "Hang Seng Low Volatility Index", these awards and honors demonstrated that the Yuexiu REIT has won the affirmation and recognition of capital markets in Hong Kong and Asia Pacific, which is favorable for the Yuexiu REIT to enhance its brand image.

Organization	Place	Award
Economic Digest	Hong Kong	Hong Kong Outstanding Enterprises 2016
Bloomberg Businessweek	Hong Kong	Excellence of Listed Enterprise Award 2016
The Asset	Hong Kong	Gold Prize of the Best Corporate Governance Award 2016
Quamnet	Hong Kong	Outstanding Property Operation Strategy Award
Fortune Times	Singapore	The REIT of Best Potential in Asia
Guandian Property	Mainland China	2016 Asset Management Award for Commercial Properties in China
2016 Golden Brick Forum	Mainland China	Asset Management Institution Award of Best Innovation in Business Operation Model

INCLUSION IN HANG SENG INDICES

HSCI – Properties & Construction	HSCI – LargeCap & MidCap Index
HSCI – LargeCap & MidCap Index	HSCI – MidCap & SmallCap Index
HSCI – MidCap Index	Hang Seng REIT Index
Hang Seng Corporate Sustainability Benchmark Index	Hang Seng Global Composite Index
Hang Seng High Dividend Yield Index	Hang Seng Low Volatility Index

PROSPECT

The Manager will continue to increase enhancement efforts in investor relations, reinforce communication and liaison with investors for more transparency, strive to increase the number of investment banks with coverage of REIT, to achieve effective mutual interactive communication between the Manager and the investors.

PROPERTY VALUATION REPORT

Yuexiu REIT Asset Management Limited

as the "Manager" of "Yuexiu Real Estate Investment Trust"

24th Floor, Yue Xiu Building,
No. 160 Lockhart Road,
Wanchai, Hong Kong

AND

HSBC Institutional Trust Services (Asia) Limited

as the "Trustee" of "Yuexiu Real Estate Investment Trust"

17th Floor, Towers 2 & 3, HSBC Centre,
No. 1 Sham Mong Road,
Kowloon, Hong Kong



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10/F The Grande Building,
398 Kwun Tong Road,
Kowloon, Hong Kong

14th February 2017

Our Ref.: DC/FW/SN/VC/VA25892-2016

Dear Sirs,

RE: VALUATIONS OF VARIOUS PROPERTIES HELD BY YUEXIU REAL ESTATE INVESTMENT TRUST IN THE PEOPLE'S REPUBLIC OF CHINA

We refer to the recent joint instruction from the **Manager** and the **Trustee** of "**Yuexiu Real Estate Investment Trust**" ("**Yuexiu REIT**") (the "Client") for us to assess the unencumbered property interest of various properties (individually referred to as the "Subject Property" and collectively referred to as the "Subject Properties") located in the People's Republic of China (the "PRC") on a **market value** basis in existing state and physical condition as at 31st December 2016 (the "Date of Valuation") for **accounting** purpose. We confirm that we have inspected the Subject Properties, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing with our opinion of values of the Subject Properties as at the Date of Valuation.

Regulated by the "Royal Institution of Chartered Surveyors" ("RICS"), "**Vigers Appraisal and Consulting Limited**" ("Vigers" or "we") hereby confirms that there is no material connection or involvement with the Subject Properties or the Client who commissions this assignment. Unless otherwise stated, Vigers is competent to undertake this valuation assignment without seeking material assistance from others in relation to any aspect of the assignment.

BASIS OF VALUE

Our valuations are our opinion of market values of the Subject Properties which is defined as intended to mean "*the estimated amount for which an asset or liability should exchange on the valuation date 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*". Our valuations have been prepared in accordance with "The HKIS Valuation Standards (2012 Edition)" published by "The Hong Kong Institute of Surveyors" ("HKIS"), "RICS Valuation – Professional Standards (January 2014)" published by the "Royal Institution of Chartered Surveyors" ("RICS"), and the relevant charters in "Code on Real Estate Investment Trusts (August 2014 Fifth Edition)" ("REIT Code") published by "Securities and Futures Commission" ("SFC").

VALUATION APPROACHES

In the course of our valuations, we have adopted the income approach using income capitalization method and/or discounted cash flow analysis to arrive at our opinion of values of the Subject Properties; and we have cross-checked our valuation results using the market approach in which recent transactions and/or offering of comparable properties in the locality are analysed and compared with the Subject Properties, if available and applicable. As defined in the "International Valuation Standards 2017" published by the "International Valuation Standards Council" ("IVSC"), income approach "provides an indication of value by converting future cash flows to a single current capital value"; whilst market approach "provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available". Both income approach and market approach are applicable for the valuations of the Subject Properties, but priority is given to the income approach as the Subject Properties are primarily income producing which is particularly relevant for real estate investment trust ("REIT") based purchasers. Having regard to the potential legal permissibility and financial permissibility of the Subject Properties, the continuation of the Subject Properties' existing uses are considered as the highest and best use; and hence no consideration has been taken into account of alternative use(s) or development option(s); nor have we considered any redevelopment potential of the Subject Properties.

Income Capitalization Method

In valuing the office, retail, commercial and carpark portions of the Subject Properties which are subject to existing tenancies (i.e. excluding the hotel and serviced apartment portions), we have firstly adopted income capitalization method which estimates the values of such portions of the Subject Properties on a market value basis by capitalizing net rental income of current rent passing as of the Date of Valuation (the "term value"), and adding up with the reversionary interests by taking into account of the current market rents upon leases' expiry on fully let basis (the "reversionary value") in present value.

Discounted Cash Flow Analysis

The discounted cash flow analysis adopted in our valuations is a financial modelling technique based on explicit assumptions regarding the prospective income and expenses of the Subject Properties, which is a well-accepted valuation method within the income approach to valuation. Our discounted cash flow analyses for the Subject Properties are established based on our analyses of historical data and on assumptions about future market conditions affecting demand, supply, income, expenses and potential for risk. These assumptions determine the earning capability of the Subject Properties upon which the pattern of income and expenditures are projected to establish a fair maintainable net property income on a yearly basis by a reasonably efficient owner or operator over a 10-year investment horizon; and the anticipated net property income stream receivable thereafter is capitalised at appropriate terminal capitalization rates and adjusted to present values to reflect the capital values beyond the years until the end of respective land use-rights' terms. The discount rates adopted in our discounted cash flow analyses theoretically reflect the rates of return that adequately compensate the investors for the risks taken. In our discounted cash flow analyses, we have applied nominal cash flows which include expectations regarding inflation; and hence the discount rate(s) adopted has/have taken the inflation rate(s) into account.

Supportive Method – Comparison Method of Valuation

As a supportive method to our valuations drawn from the income approach, we have also considered the comparison method of valuation whereby comparisons based on actual sales transactions and/or offering of comparable properties in the locality have been made, if available and applicable. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Subject Properties in order to arrive at the fair comparison of values.

Approach to Value

In arriving at the market values of the Subject Properties, excluding the hotel and service apartment portions of Guangzhou International Finance Centre, we have applied equal weighting to the values derived from income capitalization method and discounted cash flow analysis; whilst the market values of the hotel and service apartment portions of Guangzhou International Finance Centre is assessed by discounted cash flow analyses.

TITLE INVESTIGATIONS

No responsibility is assumed for any legal matters concerning the legal title to the Subject Properties set out in this report. We have not been provided with proper legal opinion prepared by qualified legal advisor(s) on the laws of the People's Republic of China ("PRC"). In our valuations, we have assumed that there are good titles to the Subject Properties held by the owner of the Subject Properties, and the Subject Properties can be freely disposed of in the prevailing market. We have been provided with a set copy of relevant document(s) but we have not searched the original document(s) to ascertain ownership nor to verify any lease amendment(s) which may not appear on the copy(ies) handed to us.

In the course of our valuations, we have assumed that the owner(s) has/have free and uninterrupted rights to use and assign the Subject Properties during the unexpired land-use right term(s) granted subject to the payment of usual land-use fee(s) unless otherwise noted or specified. We have assumed that all applicable zoning(s), use(s), regulation(s) and restriction(s) have been complied with unless non-conformity has been stated, defined and considered in this report. We have further assumed that utilisation of land and improvements are situated within the boundaries of the Subject Properties held by or permitted to be occupied by the owner of the Subject Properties. No encroachment or trespass has been considered unless otherwise noted in this report.

VALUATION CONSIDERATION

In the course of our valuations, we have relied to a considerable extent on the information made available to us and we have accepted advice on such matters as planning approval(s) or statutory notice(s), easement(s), land-use rights, occupancy status, site and floor areas as well as all other relevant matters. Unless otherwise stated, no on-site measurement has been made. All information and document(s) provided to us have been used for reference purposes and all dimension(s), measurement(s) and area(s) are therefore approximation(s). Unless otherwise stated, floor area measurements are carried out in accordance with the "Code of Measuring Practice (1st Edition March 1999)" and its "Supplement(s) to the Code of Measuring Practice" published by the HKIS.

On-site inspections to the Subject Properties were carried out by **Mr Stephen C. H. NG** BSc(Hons) on 5th December 2016 and 6th December 2016 for those Subject Properties located in Guangzhou as well as by **Mr Vincent T. S. CHAN** BSc(Hons) on 17th December 2016 for the Subject Property located in Shanghai but we have not carried out any structural survey or test on any building services nor have we inspected the woodwork or other parts of the structures which were covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Subject Properties is free from rot, infestation or any structural or non-structural defect.

MARKET COMMENTARY

Guangzhou

Overview

As one of the largest cities in the PRC, Guangzhou's economy has shown robust growth in 2016, despite the global uncertainties and the economic downward pressure in early 2016. Guangzhou's gross domestic product ("GDP") growth is estimated to be at 8.1% year-on-year ("y-o-y") for the first three quarters of 2016, outpacing the national level of 6.7%, to an estimated value of RMB1,403.78 billion. The tertiary industries grew by 8.9% y-o-y in the first three quarters of 2016, contributed 67.77% of the city's GDP over the same period, up 1.64 percentage points y-o-y. Fixed asset investment increased by 13.1% y-o-y, an acceleration of 2 percentage points from 2015. The city's inflation rate in 2016 is 3.3%, an acceleration of 1.1 percentage points from 2015.

Office

Major office areas in Guangzhou include Zhujiang New Town, Tianhe North Sports Centre, Yuexiu District, as well as the emerging district at Pazhou. There were at least eight new completions in the Guangzhou office market in 2016, five of which are located in Zhujiang New Town, while one is in Yuexiu and the other two are in Pazhou. The combined effective new supply amounts to approximately 740,000 square metres of office gross floor area ("GFA"). As a result, the leasing market's stock increased 18.0% to approximately 5 million square metres. The finance, information technology and trading sectors are the major drivers of demand, pushing down the average vacancy rate by 2.6 percentage points from 15.5% by end of 2015 to 12.9% in the third quarter of 2016. In Zhujiang New Town, despite a large amount of supply, the average vacancy rate decreased by 3.4 percentage points to 15.9% in the third quarter of 2016 given that the new completions had a high level of pre-commitments. Pulled up by the above-average rent of the new projects, the average rent of Guangzhou's Grade A office market increased by 4.6% y-o-y to RMB156 per square metre per month in the third quarter of 2016 on GFA basis. Looking ahead, four new projects with a total office GFA of 260,000 square metres are scheduled for completion in the first half of 2017. Since new supply is not as many as that in 2016, occupancy rate is estimated to increase amid stable demand, and rents are likely to remain firm.

Retail

In 2016, Guangzhou retail sales of consumer goods reached RMB795.58 billion as of November, grew 10.0% compared with the same period in 2015, slightly slower than the national average of 10.8%. In the third quarter of 2016, Guangzhou had a total of approximately 3.72 million square metres of retail space. Around 32% of the stock is located in Tianhe District while Panyu represented around 19% of the total stock in the city. There were at least two new retail projects launched in 2016, including Panyu Aeon Mall located in Panyu District and A Mall in Yuexiu District, adding approximately 90,000 square metres of retail GFA to the market, to about 3.74 million square metres in total. Driven by limited supply, the city-wide vacancy rate of Guangzhou's retail property market continued edging down and was around 7.5% in the third quarter of 2016, while the vacancy rate of the city's prime retail shops dropped to 4.5% in the third quarter of 2016 from 6.7% at the end of 2015. Demand, especially in the prime areas, was mainly supported by the fashion sector as well as food and beverage sector. The average rent of the city showed steady increase to RMB1,071 per square metre in the third quarter of 2016 on GFA basis, supported by the rental growth in the first-tier area due to limited supply. Looking ahead, the stock of Guangzhou's retail market will continue to expand in 2017. The large amount of new supply is expected to drive an increase on the average vacancy rate temporarily, yet still limited by the pre-lease activities of some projects.

Hotel

The number of 5-star rating hotels, mainly located in Zhujiang New Town and Yuexiu District, has been increasing in recent years, as renowned brands enter into the Guangzhou market. One of them is Aloft in Tianhe District with 496 guestrooms that was opened in May 2016. With an increase in supply from new completions in 2016, the overall occupancy rate has dropped. The supply in the area is expected to increase further in the near future, with Conrad Guangzhou's opening in 2017. Given the rapidly enlarging middle class and rising income levels of the nation, the hotel market is not only supported by business travellers, but also leisure travellers in the year of 2016. Since there is a growing trend that travellers value more on their experiences from consumption, occupancy rates of 5-star rating hotel has risen significantly in 2016 and is expected to increase further in 2017. Moreover, the depreciation of the Renminbi is likely to increase the attractiveness for foreign visitors to travel in China. The higher expected attendance of the Canton Fair held in Guangzhou as China's exports regain its popularity, is expected to support future occupancy level and average daily rate of Guangzhou's hotels in the future.

Serviced Apartment

The average rental prices for serviced apartments in Guangzhou recorded in the third quarter of 2016 is about RMB209 per square metre on GFA basis, maintained at the level same as 2015. The overall vacancy rate of Guangzhou's serviced apartments has fallen about 4.9 percentage points y-o-y, to 10.8% recorded in 3rd quarter of 2016. Demand continued to be supported mainly by overseas manufacturers, especially car manufacturers, retailers and consulates, with executives staying in Guangzhou for an extended period of time. No new supply has entered the serviced apartment market in 2016 as of the third quarter, and the number of available units remained at around 3,280 units. Demand is expected to grow from the increased popularity of Guangzhou among foreign businesses with the inclusion of Nansha in the Guangdong Free Trade Zone. As such, the average rental price is expected to rise alongside falling vacancy rate in 2017.

Shanghai

Overview

Shanghai is one of the financial centres and one of the four autonomous municipalities in the country. The China (Shanghai) Pilot Free Trade Zone ("SFZ") was approved by the State Council in 2013 as the first pilot free trade zone in China. SFZ will continue to be the pioneer in China's economic development as the country continues its work on transitioning towards a service-based economy. Lujiazui financial area in Shanghai is a government-designated national-level development zone added to SFZ since March 2016, which has significantly increased the attractiveness of offices in Lujiazui. It is planned to connect Shanghai's and London's stock exchanges to accelerate financial reforms and also to expand the cross-border use of the Renminbi in the future.

Economic Development

Shanghai's economy has shown strong growth, with GDP rising 9.3% y-o-y for the first three quarters of 2016, which is higher than 7.6% the growth rate over the same period of 2015, outpacing the country's 6.7% GDP growth in 2016. The 3.2% inflation in 2016 has pushed up Shanghai's average yearly inflation rate over the past 5 years to 2.7%. Shanghai's steady economic growth, moderately inflationary environment, combined with the many business opportunities the city offers, has made Shanghai desirable for both domestic and foreign businesses to set up or expand their businesses in. The city's attractiveness, evidenced by the utilised foreign direct investment totaling United States Dollars 18.5 billion in 2016 (up 0.2% y-o-y), have been driving up the demand for office spaces in the city. Service sector has been increasingly important for Shanghai, with its proportion constituting the city's GDP increasing from 59.0% in 2012 to 70.9% after five years in 2016. Shanghai's continuously rising tertiary sector, with a compound annual growth rate ("CAGR") of 11.9% increase per annum over the past five years, has also increased the demand for office spaces. The financial industry in Shanghai has been growing at an accelerating rate over the past five years. Amid deepened reforms which will help maintain healthy growth of the financial market, the accelerating growth is expected to continue, driving up the demand for office spaces in the Lujiazui and Zhuyuan area.

Supply and Demand of Offices in Lujiazui and Zhuyuan

Mainly supported by the strong growth of the finance and professional services' industries, demand for office spaces in Shanghai has been solid. Despite the increase in absorption, the overall vacancy rate of Grade A offices in the city has increased by 4.8 percentage points to approximately 9.8% in 3Q 2016 due to increase in supply. Vacancy rates at Lujiazui and Zhuyuan have been temporarily driven up to 4.2% and 26.9% respectively in the third quarter of 2016, with at least four new buildings completed (one in Lujiazui and the other three in Zhuyuan) in the year of 2016. Despite the higher vacancy rate, Lujiazui and Zhuyuan could still achieve strong rental growth given the strong demand for these areas, with Lujiazui growing more than 8% in the first three quarters of 2016, followed by Zhuyuan which increased 4.7% over the same period.

Outlook

As one of the financial centres in China, Shanghai's economy is expected to continue growing at a fast pace. Given that the city's service sector is increasingly important, the demand for office space will continue to have strong growth. Overall office vacancy rate in Shanghai is likely to go up in the near future because nearly a million square metres of office supply will be released to the market. Since concerns on the national economy during early 2016 have gradually dissipated, Shanghai's service sector is expected to continue its momentum in 2017 given the city's important role in China and its strong economic fundamentals, which will underpin the demand for office space in the city. The increase in office supply is expected to be balanced out by the robust demand for offices in the area.

VALUATION ASSUMPTIONS

Unless otherwise stated, our valuations have been made on the assumption that the Subject Properties could be sold in the prevailing market in existing state subject to the existing tenancies; and the hotel and serviced apartment portions of the Subject Properties could be sold subject to hotel and serviced apartment management agreements as fully-equipped real properties which would include trade fixtures, fittings, furniture, furnishings and equipment but without the benefit of any deferred term contract, leaseback, joint venture or any other similar arrangement which may serve to affect the values of the Subject Properties. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Subject Properties. No consideration has been made for the Subject Properties being sold in bulk or as a portfolio or portfolios.

No allowance has been made in our valuations for any charges, mortgage(s) or amount(s) owing on the Subject Properties for any expenses or tax(es) which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the Subject Properties is free from any encumbrances, restriction(s) or outgoing(s) of an onerous nature which may serve to affect the values of the Subject Properties.

Vigers is registered for regulation by the RICS, and our service rendered may be subject to monitoring under RICS's conduct and disciplinary regulations. Reference to the complaints handling procedure of Vigers is available on the Client's request.

The report is for the Client's exclusive use for the purpose mentioned earlier only but could be disclosed to her formally appointed auditor(s) in performing necessary audit procedure(s). The contents of this report either in whole or in part shall not be disclosed to any other party(ies) and we accept no responsibility if it is used or relied upon by any other party(ies) or used for any other purpose(s).

The Client has not commissioned a structural survey on the Subject Properties. The Client must not assume that, if defects are not mentioned in the report, all parts of the structure are free from defects. Where your attention is drawn to some defects it does not mean that other defects may not exist. Moreover, services have not been tested. If the Client intends to purchase or rent the Subject Properties and wants to satisfy himself as to its condition, he/she should obtain a surveyor's detailed inspection and report of his/her own before deciding whether to enter into any agreement(s).

You are reminded that this report has been prepared in accordance with "RICS Valuation – Professional Standards January 2014" published by the RICS and "The HKIS Valuation Standards (2012 Edition)" published by the HKIS; which entitles Vigers to make assumption(s) as stated in this report which may upon further investigation(s), for instance by your legal representative, prove to be inaccurate or untrue. Any exception is clearly stated below.

REMARKS

We hereby confirm that:

- (1) we have no present or prospective interest in the Subject Properties and are not a related corporation of nor have a relationship with the Manager, the Trustee or any other party or parties whom Yuexiu REIT is contracting with;
- (2) we are authorised to practise as external valuer and have the necessary expertise and experience in valuing similar types of properties; and
- (3) our valuations have been prepared on fair and unbiased basis.

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

We enclose herewith our Summary of Values and the core content of our valuation report.

Yours faithfully,
For and on behalf of

VIGERS APPRAISAL AND CONSULTING LIMITED

Sr David W. I. CHEUNG
MRICS MHKIS RPS(GP) CREA
RICS Registered Valuer
Executive Director

Sr Franky C. H. WONG
MSc(RealEst) MCIM MRICS MHKIS RPS(GP)
RICS Registered Valuer
Director

Note: **Sr David W. I. CHEUNG** is a "Registered Professional Surveyor in General Practice Division" ("RPS(GP)") under the "Surveyors Registration Ordinance" (Cap. 417) in Hong Kong Special Administrative Region ("Hong Kong"), and is a "RICS Registered Valuer" under the "Valuer Registration Scheme" regulated by the RICS with over 34 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Taiwan, Japan, the United Kingdom, Canada and the United States of America.

Graduated from The University of Hong Kong with a Master of Science in Real Estate, **Sr Franky C. H. WONG** is a "Registered Professional Surveyor in General Practice Division" ("RPS(GP)") under the "Surveyors Registration Ordinance" (Cap. 417) in Hong Kong, and is a "RICS Registered Valuer" under the "Valuer Registration Scheme" regulated by the RICS with over 16 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Taiwan, Japan, the United Kingdom and the United States of America.

SUMMARY OF VALUES

No.	Property	Market Value in Existing State as at the Date of Valuation
1.	Guangzhou International Finance Centre, No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB17,190,000,000
2.	Various Units in White Horse Building, Nos. 14, 16 and 18 Zhan Nan Road, Yuxiu District, Guangzhou, Guangdong Province, the PRC	RMB4,885,000,000
3.	Various Units in Fortune Plaza, Nos. 114, 116 and 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB980,000,000
4.	Various Units in City Development Plaza, Nos. 185, 187 and 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB811,000,000
5.	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB880,000,000

No.	Property	Market Value in Existing State as at the Date of Valuation
6.	Various Units in Yue Xiu Neo Metropolis Plaza, Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258 Zhongshan Sixth Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	RMB911,500,000
7.	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Street, Pudong New District, Shanghai, the PRC	RMB3,000,000,000
GRAND TOTAL		RMB28,657,500,000

VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
1.	Guangzhou International Finance Centre, No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in 2010 and 2011 in stages, the Subject Property, named "Guangzhou International Finance Centre" ("GZ-IFC") comprises a comprehensive mix-user development ("main building") with a 103-storey above the ground, a 4-storey underground and a 28-storey annex building erected over a site of about 27,508 square metres consisting of a shopping mall, office, serviced apartment, a luxury hotel and 1,679 below ground car parking spaces having a total gross floor area of about 457,356.68 square metres.</p> <p>The Subject Property is held under granted land-use rights for a term of 40 years from 23rd June 2008 for commercial, tourism and entertainment uses; and a term of 50 years from 23rd June 2008 for office use.</p> <p>Retail</p> <p>The retail portion of the Subject Property comprises the 6-storey shopping mall podium from Basement 1 to Level 5 of GZ-IFC with a total gross floor area of about 46,989.16 square metres including a staff canteen of about 2,698.93 square metres on Level 4.</p> <p>Office</p> <p>The office portion of the Subject Property is provided on Levels 4 to Level 65 of GZ-IFC as well as Levels 27 and 28 of annex building having a total gross floor area of about 183,539.65 square metres.</p> <p>Serviced Apartment</p> <p>The serviced apartment portion of the Subject Property is currently operated as a serviced apartment under the tradename of "Ascott IFC Guangzhou" at Levels 6 to 28 of the annex building of GZ-IFC with 314 apartment units having a total gross floor area of about 51,102.26 square metres, including a clubhouse on Level 6 of about 2,866.96 square metres.</p> <p>Hotel</p> <p>The hotel portion of the Subject Property is currently operated as a luxury hotel under the tradename of "Four Seasons Hotel Guangzhou" providing 344 hotel guestrooms at Levels 68 to 100 of GZ-IFC with ancillary facilities such as food and beverage, conference rooms, fitness centre, SPA, swimming pool and so on provided therein having a gross floor area of about 89,198.83 square metres.</p> <p>Carpark and Ancillary Areas</p> <p>The Subject Property also includes a total of 1,679 below ground car parking spaces as well as ancillary areas for refuge floor, machine and facilities' room having a gross floor area of about 71,082.79 square metres and 15,443.99 square metres respectively.</p>	<p>According to the tenancy schedule provided by the Manager, majority of the retail, office, carpark and other portions of the Subject Property having the occupancy rates of 86.76%, 98.35% and 100.00% respectively are let to various tenants at an aggregate monthly rent of about RMB45,923,549 exclusive of value-added tax, management fees and utility charges with the last expiry date on 31st December 2025; whilst the serviced apartment and hotel portions of the Subject Property are operated by 3rd parties under respective management agreement(s) and consultancy agreement(s).</p>	<p>RMB17,190,000,000 (Renminbi Seventeen Billion One Hundred and Ninety Million ONLY)</p>

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the Subject Property is vested in the name of “廣州越秀城建國際金融中心有限公司”.
- Pursuant to a set copy of various Certificates of Real Estate Ownership, part of the Subject Property, including Unit 620, Unit 720, Unit 730, Unit 820, Unit 830, Unit 920, Unit 930, Unit 1020, Unit 1030, Unit 1120, Unit 1130, Unit 1220, Unit 1230, Unit 1320, Unit 1330, Unit 1420, Unit 1430, Unit 1520, Unit 1530, Unit 1620, Unit 1630, Unit 1720, Unit 1730, Unit 1820, Unit 1830, Unit 1920, Unit 1930, Unit 2020, Unit 2030, Unit 2120, Unit 2130, Unit 2220, Unit 2230, Unit 2320, Unit 2330, Unit 2420, Unit 2430, Unit 2520, Unit 2530, Unit 2620, Unit 2630, Unit 2720, Unit 2730, Unit 2820, Unit 2830, Unit 4501, Unit 4502, Unit 4503, Unit 4504, Unit 4505, Unit 4506, Unit 4601, Unit 4602, Unit 4603, Unit 4604, Unit 4605, Unit 4606, Unit 4701, Unit 4702, Unit 4703, Unit 4704, Unit 4705, Unit 4706, Unit 5001, Unit 5002, Unit 5003, Unit 5004, Unit 5005, Unit 5006, Unit 5101, Unit 5102, Unit 5103, Unit 5104, Unit 5105, Unit 5106, Unit 5201, Unit 5202, Unit 5203, Unit 5204, Unit 5205, Unit 5206, Unit 5301, Unit 5302, Unit 5303, Unit 5304, Unit 5305, Unit 5306, Unit 5307, Unit 5401, Unit 5402, Unit 5403, Unit 5404, Unit 5405, Unit 5406, Unit 5407, Unit 5501, Unit 5502, Unit 5503, Unit 5504, Unit 5505, Unit 5506, Unit 5507, Unit 5601, Unit 5602, Unit 5603, Unit 5604, Unit 5605, Unit 5606, Unit 5607, Unit 5701, Unit 5702, Unit 5703, Unit 5704, Unit 5705, Unit 5706, Unit 5707, Unit 5801, Unit 5802, Unit 5803, Unit 5804, Unit 5805, Unit 5806, Unit 5807, Unit 6101, Unit 6201, Unit 6301, Unit 6401, Unit 6501, Unit 6801, Unit 6901, Units 7001 to 7201, Units 7401 to 8001 and Units 8201 to 10001 with an aggregate gross floor area of about 183,963.34 square metres are subject to mortgage.
- The serviced apartment portion of the Subject Property is subject to and carries the benefits to an operation contract for an initial term of 10 years renewable for further 10 years from the date of opening at a basic management fee of 2.0% on total revenue and an incentive management fee varied from 3.0% to 6.0% on adjusted Gross Operating Profits in each financial year.
- The hotel portion of Subject Property is subject to and carries the benefits to a hotel operating agreement and a hotel consultancy agreement for an initial term of 15 years renewable for further 10 years from the date of opening at a consultancy fee of 1.75% on total revenue, a basic management fee of 0.25% on total revenue and an incentive management fee varied from 2.0% to 8.0% on adjusted Gross Operating Profits in each financial year.
- Annual rental income exclusive of value-added tax as at the Date of Valuation and lettable area breakdown of the Subject Property are tabulated as follows.

Uses	Total Lettable Area (square metres)	Leased Lettable Area (square metres)	Annual Rental Income (Approximately)
Retail	46,727.27	40,507.57	RMB48,300,000
Office	183,539.65	180,508.26	RMB486,190,000
Carpark	71,082.79	71,082.79	RMB14,570,000
Total	301,349.71	292,098.62	RMB549,060,000

- Annual net property income exclusive of value-added tax as at the Date of Valuation and gross floor area breakdown of the serviced apartment and hotel portions of the Subject Property are tabulated as follows.

Uses	Gross Floor Area (square metres)	No. of Unit/Guestroom	Annual Net Property Income (Approximately)
Serviced Apartment	51,102.26	314	RMB61,460,000
Hotel	89,198.83	344	RMB116,630,000
Total	140,301.09	658	RMB178,090,000

7. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail portion of the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	6.13%
1	2	0.09%
2	3	1.86%
3	4	1.06%
4	5	9.48%
5	6	11.14%
6	7	5.42%
7	Or More	64.82%
Total	=	100.00%

8. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the retail portion of the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	7.60%
In 2018	0.10%
In 2019	2.40%
In 2020	1.80%
In 2021 and Afterward	88.10%
Total	= 100.00%

9. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the office portion of the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	2.03%
1	2	3.17%
2	3	50.85%
3	4	6.02%
4	5	30.32%
5	6	6.53%
6	7	0.67%
7	8	0.00%
8	9	0.00%
9	Or More	0.41%
Total	=	100.00%

10. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the office portion of the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	15.80%
In 2018	40.20%
In 2019	24.60%
In 2020	9.50%
In 2021 and Afterward	9.90%
Total	= 100.00%

11. Save as disclosed, we understand that the Subject Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value(s) of the Subject Property.
12. As advised by the Manager, the property management income of the Subject Property covers all relevant property management expenses; and the monthly property management fee are payable by tenants.
13. In the course of our valuation, we have adopted the following key assumptions.

Portion	Valuation Method	Parametres	Assumption
Retail	Income Capitalization Method	Term Yield	4.25% per annum
	Income Capitalization Method	Reversionary Yield	4.75% per annum
	Discounted Cash Flow Analysis	Discount Rate	7.00% per annum
Office	Income Capitalization Method	Term Yield	4.00% per annum
	Income Capitalization Method	Reversionary Yield	4.50% per annum
	Discounted Cash Flow Analysis	Discount Rate	6.75% per annum
Serviced Apartment	Discounted Cash Flow Analysis	Average Daily Rate	RMB967 per room per night
	Discounted Cash Flow Analysis	Occupancy Rate	94.00% in Year-1 of Projection
	Discounted Cash Flow Analysis	Discount Rate	7.00% per annum
Hotel	Discounted Cash Flow Analysis	Average Daily Rate	RMB1,930 per room per night
	Discounted Cash Flow Analysis	Occupancy Rate	72.50% in Year-1 of Projection
	Discounted Cash Flow Analysis	Discount Rate	7.50% per annum
Carpark	Income Capitalization Method	Term Yield	4.00% per annum
	Income Capitalization Method	Reversionary Yield	4.50% per annum
	Discounted Cash Flow Analysis	Discount Rate	6.75% per annum

14. Breakdown market values of the Subject Properties as at the Date of Valuation are listed as follows.

Portion	Income Capitalization Method	Discounted Cash Flow Analysis	Market Value
Retail	RMB2,516,000,000	RMB2,538,000,000	RMB2,527,000,000
Office	RMB9,647,000,000	RMB9,673,000,000	RMB9,660,000,000
Serviced Apartment	Not Applicable	RMB2,100,000,000	RMB2,100,000,000
Hotel	Not Applicable	RMB2,360,000,000	RMB2,360,000,000
Carpark	RMB552,000,000	RMB534,000,000	RMB543,000,000
Total		=	RMB17,190,000,000

15. The estimated net yield of the Subject Property is 4.23% which is derived from the estimated rental received for the retail, office and carpark portion as well as annual net property income from the serviced apartment and hotel portions in Year-2016 excluding the valued-added tax divided by the market value as at the Date of Valuation.
16. We have been requested to assess the notional apportionment of land and building values of the serviced apartment portion of the Subject Property based on the market value of the serviced apartment portion of the Subject Property as at the Date of Valuation. The net replacement cost of the serviced apartment portion of the Subject Property (i.e. the building value of the serviced apartment portion of the Subject Property) as at the Date of Valuation is deducted from the established market value in order to arrive at the land value of the serviced apartment portion of the Subject Property. To a certain extent, the gross replacement cost of the serviced apartment portion of the Subject Property is firstly established, which is defined as intended to mean "the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at prices current at the relevant date, including fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building". The net replacement cost is then derived from the gross replacement cost by reducing the physical and functional obsolescence and environmental factors so as to arrive at the current building value of the serviced apartment portion of the Subject Property as at the Date of Valuation. We are of the opinion that the notional apportionment of land value and building value of the serviced apartment portion of the Subject Property based on the market value as at the Date of Valuation are **RMB1,337,000,000 (REMINBI ONE BILLION THREE HUNDRED AND THIRTY SEVEN MILLION ONLY) AND RMB763,000,000 (RENMINBI SEVEN HUNDRED AND SIXTY THREE MILLION ONLY)** respectively.
17. We have been requested to assess the notional apportionment of land and building values of the hotel portion of the Subject Property based on the market value of the hotel portion of the Subject Property as at the Date of Valuation. The net replacement cost of the hotel portion of the Subject Property (i.e. the building value of the hotel portion of the Subject Property) as at the Date of Valuation is deducted from the established market value in order to arrive at the land value of the hotel portion of the Subject Property. To a certain extent, the gross replacement cost of the hotel portion of the Subject Property is firstly established, which is defined as intended to mean "the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at prices current at the relevant date, including fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building". The net replacement cost is then derived from the gross replacement cost by reducing the physical and functional obsolescence and environmental factors so as to arrive at the current building value of the hotel portion of the Subject Property as at the Date of Valuation. We are of the opinion that the notional apportionment of land value and building value of the hotel portion of the Subject Property based on the market value as at the Date of Valuation are **RMB711,000,000 (REMINBI SEVEN HUNDRED AND ELEVEN MILLION ONLY) AND RMB1,649,000,000 (RENMINBI ONE BILLION SIX HUNDRED AND FORTY NINE MILLION ONLY)** respectively.

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation																						
2.	Various Units in White Horse Building, Nos. 14, 16 and 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	<p>The Subject Property comprises large majority portion in White Horse Building which is a 10-storey (including a lower ground floor mainly for management office and storage uses and a basement carpark) commercial wholesale centre completed in or about 1990 with two extensions furnished in between 1995 to 1997 and 1998 to 2000 respectively.</p> <p>The Subject Property has a total gross floor area of approximately 50,199.35 square metres with breakdown as follows.</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (square metres)</th> </tr> </thead> <tbody> <tr> <td>Lower Ground (Storage)</td> <td>1,121.68</td> </tr> <tr> <td>Level 1 (Commercial)</td> <td>7,667.04</td> </tr> <tr> <td>Level 2 (Commercial)</td> <td>7,199.80</td> </tr> <tr> <td>Level 3 (Commercial)</td> <td>7,684.91</td> </tr> <tr> <td>Level 4 (Commercial)</td> <td>7,695.56</td> </tr> <tr> <td>Level 5 (Commercial)</td> <td>7,466.39</td> </tr> <tr> <td>Level 6 (Commercial)</td> <td>7,443.90</td> </tr> <tr> <td>Level 7 (Commercial)</td> <td>2,003.54</td> </tr> <tr> <td>Level 8 (Commercial)</td> <td>1,916.53</td> </tr> <tr> <td>Total</td> <td>50,199.35</td> </tr> </tbody> </table> <p>The Subject Property is held under granted land-use rights for a term of 40 years from 7th June 2005 for commercial use on Level 1 to Level 3 with aggregate gross floor area of about 22,551.75 square metres and portion of Level 4 with aggregate gross floor area of about 7,164.20 square metres; and a term of 50 years from 23rd June 2008 for office and storage use on Lower Ground Floor with aggregate gross floor area of about 1,121.68 square metres, portion of Level 4 with aggregate gross floor area of about 531.36 square metres, and Level 5 to Level 8 with aggregate gross floor area of about 18,830.36 square metres.</p>	Level (Use)	Gross Floor Area (square metres)	Lower Ground (Storage)	1,121.68	Level 1 (Commercial)	7,667.04	Level 2 (Commercial)	7,199.80	Level 3 (Commercial)	7,684.91	Level 4 (Commercial)	7,695.56	Level 5 (Commercial)	7,466.39	Level 6 (Commercial)	7,443.90	Level 7 (Commercial)	2,003.54	Level 8 (Commercial)	1,916.53	Total	50,199.35	According to the tenancy schedule provided by the Manager, the Subject Property having an occupancy rate of 100.00% is let to various tenants at an aggregate monthly rent of about RMB31,393,404 exclusive of value-added tax, management fees and utility charges with the last expiry date on 31st December 2019.	RMB4,885,000,000 (Renminbi Four Billion Eight Hundred and Eighty Five Million ONLY)
Level (Use)	Gross Floor Area (square metres)																									
Lower Ground (Storage)	1,121.68																									
Level 1 (Commercial)	7,667.04																									
Level 2 (Commercial)	7,199.80																									
Level 3 (Commercial)	7,684.91																									
Level 4 (Commercial)	7,695.56																									
Level 5 (Commercial)	7,466.39																									
Level 6 (Commercial)	7,443.90																									
Level 7 (Commercial)	2,003.54																									
Level 8 (Commercial)	1,916.53																									
Total	50,199.35																									

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the Subject Property is vested in the name of “柏達投資有限公司”.
- Annual rental income exclusive of value-added tax as at the Date of Valuation and lettable area breakdown of the Subject Property are tabulated as follows.

Uses	Total Lettable Area (square metres)	Leased Lettable Area (square metres)	Annual Rental Income (Approximately)
Commercial	50,128.90	50,128.90	RMB376,180,000
Total	50,128.90	50,128.90	RMB376,180,000

3. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	1.57%
1	2	3.54%
2	3	32.73%
3	4	33.15%
4	5	29.01%
Total	=	100.00%

4. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	35.80%
In 2018	16.10%
In 2019	33.70%
In 2020	14.40%
In 2021 and afterward	0.00%
Total	= 100.00%

5. Save as disclosed, we understand that the Subject Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Subject Property.
6. As advised by the Manager, the property management income of the Subject Property covers all relevant property management expenses; and the monthly property management fee are payable by tenants.
7. In the course of our valuation, we have adopted the following key assumptions.

Portion	Valuation Method	Parametres	Assumption
Commercial	Income Capitalization Method	Term Yield	7.25% per annum
	Income Capitalization Method	Reversionary Yield	7.75% per annum
	Discounted Cash Flow Analysis	Discount Rate	9.00% per annum

8. We have summarized our valuations by income capitalization method and discounted cash flow analysis as follows.

Income Capitalization Method	RMB4,870,000,000
Discounted Cash Flow Analysis	RMB4,900,000,000
Market Value (Equal Weighting of the Above)	RMB4,885,000,000

9. The estimated net yield of the Subject Property is 7.70% which is derived from the estimated rental received in Year-2016 excluding the valued-added tax divided by the market value as at the Date of Valuation.

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation								
3.	Various Units in Fortune Plaza, Nos. 114, 116 and 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in or about 2003, the Subject Property comprises large majority portion in Fortune Plaza which consists of a 30-storey office tower ("East Tower") and a 20-storey office tower ("West Tower") erected over a 6-storey retail commercial podium and a 2-storey basement carpark.</p> <p>The Subject Property has a total gross floor area of approximately 41,355.20 square metres with breakdown as follows.</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (square metres)</th> </tr> </thead> <tbody> <tr> <td>Commercial Office</td> <td>3,853.07</td> </tr> <tr> <td></td> <td>37,502.13</td> </tr> <tr> <td>Total</td> <td>41,355.20</td> </tr> </tbody> </table> <p>The Subject Property is held under granted land-use rights for a term of 40 years from 26th November 2002 for commercial use; and a term of 50 years for office use.</p>	Use	Gross Floor Area (square metres)	Commercial Office	3,853.07		37,502.13	Total	41,355.20	<p>According to the tenancy schedule provided by the Manager, large majority of the Subject Property having an occupancy rate of 95.69% is let to various tenants at an aggregate monthly rent of about RMB5,893,432 exclusive of value-added tax, management fees and utility charges with the last expiry date on 31st July 2022; whilst the remaining portion of the Subject Property is left vacant.</p>	<p>RMB980,000,000 (Renminbi Nine Hundred and Eighty Million ONLY)</p> <p><i>(Please also refer to Note 12. below for further details.)</i></p>
Use	Gross Floor Area (square metres)											
Commercial Office	3,853.07											
	37,502.13											
Total	41,355.20											

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, large majority of the Subject Property having an aggregate gross floor area of about 40,356.19 square metres is vested in the name of "金峰有限公司".
- Pursuant to a set copy of Certificate of Real Estate Ownership, part of the Subject Property (i.e. Unit 1701 of East Tower) having a gross floor area of about 999.01 square metres is vested in the name of "廣州捷雅城房地產開發有限公司".
- Yuexiu REIT holds the following units in Fortune Plaza as of the Date of Valuation.

Tower	Use	Level/Unit
Podium East Tower	Commercial Office	Unit 109, Level 2, Level 3, Level 4 and Level 5 Unit 801, Unit 802, Unit 803, Unit 805, Unit 806, Unit 808, Unit 903, Unit 905, Unit 906, Unit 908, Unit 1101, Unit 1102, Unit 1108, Unit 1201, Unit 1202, Unit 1203, Unit 1205, Unit 1206, Unit 1208, Unit 1301, Unit 1302, Unit 1303, Unit 1305, Unit 1306, Unit 1308, Unit 1401, Unit 1402, Unit 1403, Unit 1405, Unit 1406, Unit 1408, Unit 1701, Unit 1901, Unit 1902, Unit 1903, Unit 1905, Unit 1906, Unit 1908, Units 2501 & 2601, Unit 2705, Unit 2801, Unit 3401 and Units 3501 & 3601
East Tower West Tower	Commercial Office	Level 37 Level 8, Level 9, Level 10, Unit 1101, Unit 1102, Unit 1103, Unit 1105, Unit 1106, Unit 1108, Unit 1201, Unit 1202, Unit 1203, Unit 1205, Unit 1206, Unit 1208, Unit 1301, Unit 1302, Unit 1303, Unit 1305, Unit 1306, Unit 1308, Unit 1401, Unit 1402, Unit 1403, Level 15, Level 16, Level 17, Level 18, Unit 1902, Unit 1903, Unit 1905, Unit 1906, Units 2401 & 2501 and Level 26
West Tower	Commercial	Level 27

4. Annual rental income exclusive of value-added tax as at the Date of Valuation and lettable area breakdown of the Subject Property are tabulated as follows.

Uses	Total Lettable Area (square metres)	Leased Lettable Area (square metres)	Annual Rental Income (Approximately)
Retail	3,853.07	3,853.07	RMB15,350,000
Office	37,502.14	35,721.07	RMB55,370,000
Total	41,355.21	39,574.14	RMB70,720,000

5. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	1.48%
1	2	20.27%
2	3	25.15%
3	4	10.11%
4	5	27.85%
5	6	2.34%
6	7	0.00%
7	8	2.00%
8	9	0.00%
9	Or More	10.80%
Total	=	100.00%

6. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	39.20%
In 2018	24.90%
In 2019	17.30%
In 2020	4.90%
In 2021 and Afterward	13.70%
Total	= 100.00%

7. Save as disclosed, we understand that the Subject Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Subject Property.
8. As advised by the Manager, the property management income of the Subject Property covers all relevant property management expenses; and the monthly property management fee are payable by tenants.

9. In the course of our valuation, we have adopted the following key assumptions.

Portion	Valuation Method	Parametres	Assumption
Retail	Income Capitalization Method	Term Yield	7.00% per annum
	Income Capitalization Method	Reversionary Yield	7.50% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.75% per annum
Office	Income Capitalization Method	Term Yield	6.50% per annum
	Income Capitalization Method	Reversionary Yield	7.00% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.75% per annum

10. We have summarized our valuations by income capitalization method and discounted cash flow analysis as follows.

Income Capitalization Method	RMB973,000,000
Discounted Cash Flow Analysis	RMB987,000,000
Market Value (Equal Weighting of the Above)	RMB980,000,000

11. The estimated net yield of the Subject Property is 7.22% which is derived from the estimated rental received in Year-2016 excluding the valued-added tax divided by the market value as at the Date of Valuation.
12. We are of the opinion that the market value of the Subject Property which is vested in the name of “廣州捷雅城房地產開發有限公司” (i.e. Unit 1701 of East Tower) as at the Date of Valuation is RMB23,300,000 only.

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation								
4.	Various Units in City Development Plaza, Nos. 185, 187 and 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in or about 1997, the Subject Property comprises large majority portion in City Development Plaza which consists of a 28-storey office commercial building erected over a 2-storey basement carpark.</p> <p>The Subject Property has a total gross floor area of approximately 42,397.36 square metres with breakdown as follows.</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (square metres)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>11,757.54</td> </tr> <tr> <td>Office</td> <td>30,639.82</td> </tr> <tr> <td>Total</td> <td>42,397.36</td> </tr> </tbody> </table> <p>The Subject Property is held under granted land-use rights for a term of 40 years from 27th January 1997 for commercial use; and a term of 50 years from 27th January 1997 for office use.</p>	Use	Gross Floor Area (square metres)	Commercial	11,757.54	Office	30,639.82	Total	42,397.36	According to the tenancy schedule provided by the Manager, large majority of the Subject Property having an occupancy rate of 94.73% is let to various tenants at an aggregate monthly rent of about RMB5,178,035 exclusive of value-added tax, management fees and utility charges with the last expiry date on 30th April 2022; whilst the remaining portion of the Subject Property is left vacant.	RMB811,000,000 (Renminbi Eight Hundred and Eleven Million ONLY)
Use	Gross Floor Area (square metres)											
Commercial	11,757.54											
Office	30,639.82											
Total	42,397.36											

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the Subject Property is vested in the name of “福建地產投資有限公司”.
- Yuexiu REIT holds the following units in City Development Plaza as of the Date of Valuation.

Use	Level/Unit
Commercial	Unit 101, Unit 102, Unit 103, Unit 201, Unit 202
Commercial (Not a Retail Unit Nor for Permanent Lease)	Portion of Level 1 (Atrium)
Commercial	Level 3
Office	Unit 6A, Unit 6C, Unit 6D, Unit 6E, Unit 6F, Unit 6G,, Unit 6I, Unit 6J, Unit 7A, Unit 7H, Unit 7I, Unit 7J, Unit 8C, Unit 8D, Unit 8E, Unit 8F, Unit 8G, Unit 8H, Unit 9D, Unit 9E, Unit 9F, Unit 9G, Unit 9H, Unit 10A, Unit 10C, Unit 10D, Unit 10E, Unit 10F, Unit 10G, Unit 10H, Unit 10I, Unit 11A, Unit 11B, Unit 11C, Unit 11D, Unit 11E, Unit 11F, Unit 11G, Unit 11H, Unit 11I, Unit 11J, Unit 11J, Level 16, Unit 17A, Unit 17B, Unit 17C, Unit 17D, Unit 17E, Unit 17F, Unit 17G, Unit 17I, Unit 17J, Unit 18A, Unit 18B, Unit 18C, Unit 18D, Unit 18E, Unit 18F, Unit 18G, Unit 18H, Unit 18I, Unit 18J, Unit 19A, Unit 19B, Unit 19C, Unit 19D, Unit 19E, Unit 19F, Unit 19G, Unit 19H, Unit 19I, Unit 19J, Unit 20A, Unit 20B, Unit 20C, Unit 20D, Unit 20E, Unit 20F, Unit 20G, Unit 20H, Unit 20J, Unit 21A, Unit 21B, Unit 21C, Unit 21D, Unit 21E, Unit 21F, Unit 21G, Unit 21H, Unit 21I, Unit 22A, Unit 22B, Unit 22C, Unit 22D, Unit 22E, Unit 22F, Unit 22G, Unit 22H, Unit 22I, Unit 22J, Unit 23A, Unit 23B, Unit 23C, Unit 23D, Unit 23E, Unit 23F, Unit 23G, Unit 23H, Unit 23I, Unit 23J, Unit 24A, Unit 24B, Unit 24C, Unit 24D, Unit 24E, Unit 24F, Unit 24G, Unit 24H, Unit 24I, Unit 24J, Unit 25A, Unit 25B, Unit 25C, Unit 25D, Unit 25E, Unit 25F, Unit 25G, Unit 25H, Unit 25I, Unit 25J, Unit 26A, Unit 26B, Unit 26C, Unit 26D, Unit 26E, Unit 26F, Unit 26G, Unit 26H, Unit 26I, Unit 26J, Unit 27A, Unit 27B, Unit 27C, Unit 27D, Unit 27E, Unit 27F, Unit 27G, Unit 27H, Unit 27I, Unit 27J, Unit 28A, Unit 28B, Unit 28C, Unit 28D, Unit 28E, Unit 28F, Unit 28G, Unit 28H, Unit 28I and Unit 28J

3. Annual rental income exclusive of value-added tax as at the Date of Valuation and lettable area breakdown of the Subject Property are tabulated as follows.

Uses	Total Lettable Area (square metres)	Leased Lettable Areas (square metres)	Annual Rental Income (Approximately)
Commercial	11,757.54	10,319.23	RMB17,280,000
Office	30,639.82	29,844.10	RMB44,860,000
Total	42,397.36	40,163.33	RMB62,140,000

4. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	3.40%
1	2	9.50%
2	3	23.30%
3	4	4.60%
4	5	33.70%
5	6	25.50%
Total	=	100.00%

5. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	29.20%
In 2018	22.20%
In 2019	12.60%
In 2020	9.10%
In 2021 and Afterward	26.90%
Total	= 100.00%

6. Save as disclosed, we understand that the Subject Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Subject Property.
7. As advised by the Manager, the property management income of the Subject Property covers all relevant property management expenses; and the monthly property management fee are payable by tenants.
8. In the course of our valuation, we have adopted the following key assumptions.

Portion	Valuation Method	Parametres	Assumption
Commercial	Income Capitalization Method	Term Yield	7.50% per annum
	Income Capitalization Method	Reversionary Yield	8.00% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.75% per annum
Office	Income Capitalization Method	Term Yield	7.00% per annum
	Income Capitalization Method	Reversionary Yield	7.50% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.75% per annum

9. We have summarized our valuations by income capitalization method and discounted cash flow analysis as follows.

Income Capitalization Method	RMB797,000,000
Discounted Cash Flow Analysis	RMB825,000,000
Market Value (Equal Weighting of the Above)	RMB811,000,000

10. The estimated net yield of the Subject Property is 7.66% which is derived from the estimated rental received in Year-2016 excluding the valued-added tax divided by the market value as at the Date of Valuation.

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation																						
5.	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in or about 2003, the Subject Property comprises the commercial retail podium named "Victory Plaza" from portion of Basement 1 to Level 6.</p> <p>The Subject Property has a total gross floor area of approximately 27,698.14 square metres with breakdown as follows.</p> <table border="1"> <thead> <tr> <th>Level/Unit</th> <th>Gross Floor Area (square metres)</th> </tr> </thead> <tbody> <tr> <td>Basement 1 (Part of)</td> <td>1,809.21</td> </tr> <tr> <td>Level 1 (101)</td> <td>473.71</td> </tr> <tr> <td>Level 1 (102)</td> <td>1,553.52</td> </tr> <tr> <td>Level 1 (Others)</td> <td>1,006.22</td> </tr> <tr> <td>Level 2</td> <td>3,968.92</td> </tr> <tr> <td>Level 3</td> <td>4,756.74</td> </tr> <tr> <td>Level 4</td> <td>4,756.74</td> </tr> <tr> <td>Level 5</td> <td>4,769.85</td> </tr> <tr> <td>Level 6</td> <td>4,603.23</td> </tr> <tr> <td>Total</td> <td>27,698.14</td> </tr> </tbody> </table>	Level/Unit	Gross Floor Area (square metres)	Basement 1 (Part of)	1,809.21	Level 1 (101)	473.71	Level 1 (102)	1,553.52	Level 1 (Others)	1,006.22	Level 2	3,968.92	Level 3	4,756.74	Level 4	4,756.74	Level 5	4,769.85	Level 6	4,603.23	Total	27,698.14	<p>According to the tenancy schedule provided by the Manager, the Subject Property having an occupancy rate of 100.00% is let to various tenants at an aggregate monthly rent of about RMB5,343,899 exclusive of value-added tax, management fees and utility charges with the last expiry date on 31st December 2023.</p>	RMB880,000,000 (Renminbi Eight Hundred and Eighty Million ONLY)
Level/Unit	Gross Floor Area (square metres)																									
Basement 1 (Part of)	1,809.21																									
Level 1 (101)	473.71																									
Level 1 (102)	1,553.52																									
Level 1 (Others)	1,006.22																									
Level 2	3,968.92																									
Level 3	4,756.74																									
Level 4	4,756.74																									
Level 5	4,769.85																									
Level 6	4,603.23																									
Total	27,698.14																									

The Subject Property is held under granted land-use rights for a term of 40 years from 8th March 2004 for commercial use.

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the Subject Property is vested in the name of "京澳有限公司".
- Annual rental income exclusive of value-added tax as at the Date of Valuation and lettable area breakdown of the Subject Property are tabulated as follows.

Uses	Total Lettable Areas (square metres)	Leased Lettable Areas (square metres)	Annual Rental Income (Approximately)
Commercial	27,262.27	27,262.27	RMB63,400,000
Total	27,262.27	27,262.27	RMB63,400,000

- Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	0.00%
1	2	0.00%
2	3	10.45%
3	4	1.78%
4	5	20.09%
5	6	13.40%
6	7	0.00%
7	8	16.22%
8	9	0.00%
9	10	0.00%
10	Or More	38.06%
Total	=	100.00%

4. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	10.10%
In 2018	3.80%
In 2019	17.50%
In 2020	29.00%
In 2021 and Afterward	39.60%
Total	= 100.00%

5. Save as disclosed, we understand that the Subject Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Subject Property.
6. As advised by the Manager, the property management income of the Subject Property covers all relevant property management expenses; and the monthly property management fee are payable by tenants.
7. In the course of our valuation, we have adopted the following key assumptions.

Portion	Valuation Method	Parametres	Assumption
Commercial	Income Capitalization Method	Term Yield	7.00% per annum
	Income Capitalization Method	Reversionary Yield	7.50% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.75% per annum

8. We have summarized our valuations by income capitalization method and discounted cash flow analysis as follows.

Income Capitalization Method	RMB869,000,000
Discounted Cash Flow Analysis	RMB891,000,000
Market Value (Equal Weighting of the Above)	RMB880,000,000

9. The estimated net yield of the Subject Property is 7.20% which is derived from the estimated rental received in Year-2016 excluding the valued-added tax divided by the market value as at the Date of Valuation.

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation												
6.	Various Units in Yue Xiu Neo Metropolis Plaza, Nos. 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256 and 258 Zhongshan Sixth Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	<p>Completed in or about 2005, the Subject Property comprises large majority portion in Yue Xiu Neo Metropolis Plaza which is a 26-storey (including a 3-level basement) commercial tower.</p> <p>The Subject Property has a total gross floor area of approximately 61,959.99 square metres.</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (square metres)</th> </tr> </thead> <tbody> <tr> <td>Carpark *</td> <td>7,544.77</td> </tr> <tr> <td>Commercial</td> <td>15,445.51</td> </tr> <tr> <td>Clubhouse, Common Facilities and Others</td> <td>4,527.96</td> </tr> <tr> <td>Office</td> <td>34,441.75</td> </tr> <tr> <td>Total</td> <td>61,959.99</td> </tr> </tbody> </table> <p><i>* Note: Exclusive of an area of about 76.26 square metres to be distributed to the predecessor of the Domestic Joint-venture Partner</i></p>	Use	Gross Floor Area (square metres)	Carpark *	7,544.77	Commercial	15,445.51	Clubhouse, Common Facilities and Others	4,527.96	Office	34,441.75	Total	61,959.99	<p>According to the tenancy schedule provided by the Manager, large majority of the Subject Property having an occupancy rate of 99.77% is let to various tenants at an aggregate monthly rent of about RMB5,461,525 exclusive of value-added tax, management fees and utility charges with the last expiry date on 31st December 2022; whilst the remaining portion of the Subject Property is left vacant.</p>	RMB911,500,000 (Renminbi Nine Hundred and Eleven Million Five Hundred Thousand ONLY)
Use	Gross Floor Area (square metres)															
Carpark *	7,544.77															
Commercial	15,445.51															
Clubhouse, Common Facilities and Others	4,527.96															
Office	34,441.75															
Total	61,959.99															

The Subject Property is held under granted land-use rights for a term of 40 years from 8th March 2004 for commercial and restaurant uses.

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the Subject Property is vested in the name of “廣州捷雅城地產開發有限公司”.
- Yuexiu REIT holds the following units in Yue Xiu Neo Metropolis Plaza as of the Date of Valuation.

Tower	Use	Level
Podium	Carpark	Basement 2 and Basement 3
Podium	Common Facilities	Basement 1 and Basement 2
Podium	Commercial	Basement 1 and Level 1 to Level 4
Podium	Clubhouse, Common Facilities and Others	Level 1 to Level 6
East	Office	Unit 501, Unit 502, Unit 503, Unit 504, Unit 505, Unit 506, Unit 507, Unit 508, Unit 509, Unit 701, Unit 702, Unit 703, Unit 705 Unit 706, Unit 1104, Unit 1304, Unit 1402, Unit 1404, Unit 1405, Unit 1406, Unit 1408, Unit 1504, Unit 1508, Unit 1601, Unit 1602, Unit 1603, Unit 1604, Unit 1605, Unit 1606, Unit 1607, Unit 1608, Unit 1609, Unit 1610, Unit 1701, Unit 1702, Unit 1703, Unit 1704, Unit 1705, Unit 1706, Unit 1707, Unit 1708, Unit 1709, Unit 1710, Unit 1801, Unit 1802, Unit 1803, Unit 1804, Unit 1805, Unit 1806, Unit 1807, Unit 1808, Unit 1809, Unit 1810, Unit 1901, Unit 1902, Unit 1903, Unit 1904, Unit 1905, Unit 1906, Unit 1907, Unit 1908, Unit 1909, Unit 1910, Unit 2001, Unit 2002, Unit 2003, Unit 2004, Unit 2005, Unit 2006, Unit 2007, Unit 2008, Unit 2009, Unit 2010, Unit 2101, Unit 2102, Unit 2103, Unit 2104, Unit 2105, Unit 2106, Unit 2107, Unit 2108, Unit 2109, Unit 2110, Unit 2201, Unit 2202, Unit 2203, Unit 2204, Unit 2205, Unit 2206, Unit 2207, Unit 2208, Unit 2209, Unit 2210, Unit 2301, Unit 2302, Unit 2303, Unit 2304, Unit 2305, Unit 2306, Unit 2307, Unit 2308, Unit 2309, Unit 2310, Unit 2311
Centre	Office	Unit 501, Unit 502, Unit 503, Unit 805, Unit 904, Unit 905, Unit 1005, Unit 1105, Unit 1304, Unit 1305, Unit 1401, Unit 1403, Unit 1404, Unit 1405, Unit 1501, Unit 1502, Unit 1503, Unit 1504, Unit 1505, Unit 1601, Unit 1604, Unit 1605, Unit 1704, Unit 1705
West	Office	Unit 501, Unit 502, Unit 503, Unit 504, Unit 505, Unit 506, Unit 706, Unit 707, Unit 709, Unit 801, Unit 1001, Unit 1101, Unit 1109, Unit 1201, Unit 1401, Unit 1408, Unit 1501, Unit 1502, Unit 1503, Unit 1504, Unit 1505, Unit 1506, Unit 1507, Unit 1508, Unit 1509, Unit 1601, Unit 1608, Unit 1609, Unit 1701, Unit 1801, Unit 1809, Unit 1901, Unit 1902, Unit 1903, Unit 1904, Unit 1905, Unit 1906, Unit 1907, Unit 1908, Unit 1909, Unit 2001, Unit 2002, Unit 2003, Unit 2004, Unit 2005, Unit 2006, Unit 2007, Unit 2008, Unit 2009, Unit 2101, Unit 2102, Unit 2103, Unit 2104, Unit 2105, Unit 2106, Unit 2107, Unit 2108, Unit 2109, Unit 2201, Unit 2202, Unit 2203, Unit 2204, Unit 2205, Unit 2206, Unit 2207, Unit 2208, Unit 2209, Unit 2301, Unit 2302, Unit 2303, Unit 2304, Unit 2305, Unit 2306, Unit 2307, Unit 2308, Unit 2309, Unit 2310

3. Annual rental income exclusive of value-added tax as at the Date of Valuation and lettable area breakdown of the Subject Property are tabulated as follows.

Uses	Total Lettable Areas (square metres)	Leased Lettable Areas (square metres)	Annual Rental Income (Approximately)
Commercial	15,445.51	15,445.51	RMB22,720,000
Office	34,441.75	34,309.30	RMB40,730,000
Carpark	7,544.77	7,544.77	RMB1,240,000
Total	57,432.03	57,299.58	RMB64,690,000

4. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	0.33%
1	2	26.35%
2	3	39.90%
3	4	15.49%
4	5	15.11%
5	6	2.21%
6	7	0.61%
7	8	0.00%
8	9	0.00%
9	10	0.00%
10	Or More	0.00%
Total	=	100.00%

5. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	18.80%
In 2018	50.20%
In 2019	26.90%
In 2020	1.50%
In 2021 and Afterward	2.60%
Total	= 100.00%

6. Save as disclosed, we understand that the Subject Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Subject Property.
7. As advised by the Manager, the property management income of the Subject Property covers all relevant property management expenses; and the monthly property management fee are payable by tenants.
8. In the course of our valuation, we have adopted the following key assumptions.

Portion	Valuation Method	Parameters	Assumption
Commercial	Income Capitalization Method	Term Yield	6.00% per annum
	Income Capitalization Method	Reversionary Yield	6.50% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.75% per annum
Office	Income Capitalization Method	Term Yield	7.00% per annum
	Income Capitalization Method	Reversionary Yield	7.50% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.75% per annum

9. We have summarized our valuations by income capitalization method and discounted cash flow analysis as follows.

Income Capitalization Method	RMB900,000,000
Discounted Cash Flow Analysis	RMB923,000,000
Market Value (Equal Weighting of the Above)	RMB911,500,000

10. The estimated net yield of the Subject Property is 7.10% which is derived from the estimated rental received in Year-2016 excluding the valued-added tax divided by the market value as at the Date of Valuation.

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation																
7.	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Street, Pudong New District, Shanghai, the PRC	<p>Completed in 2010, the Subject Property, named "Yuexiu Tower" is a 25-storey (including refuge floor on 14th floor) commercial building with a 2-level basement carpark. Portion of Basement 1 as well as 1st and 2nd floors of the Subject Property is devoted to retail use; whilst the upper floors (except 14th Floor) are designed for office use.</p> <p>The Subject Property has a site area of about 10,641.00 square metres and a total gross floor area of about 62,139.35 square metres with breakdown as follows.</p> <table border="1"> <thead> <tr> <th>Use*</th> <th>Gross Floor Area (square metres)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>6,256.70</td> </tr> <tr> <td>Office</td> <td>39,769.63</td> </tr> <tr> <td>Carpark</td> <td>13,502.58</td> </tr> <tr> <td>Bicycle Carpark</td> <td>1,296.18</td> </tr> <tr> <td>Management Offices</td> <td>276.53</td> </tr> <tr> <td>Refuge Floor</td> <td>1,037.73</td> </tr> <tr> <td>Total</td> <td>62,139.35</td> </tr> </tbody> </table>	Use*	Gross Floor Area (square metres)	Retail	6,256.70	Office	39,769.63	Carpark	13,502.58	Bicycle Carpark	1,296.18	Management Offices	276.53	Refuge Floor	1,037.73	Total	62,139.35	<p>According to the tenancy schedule provided by the Manager, large majority of the Subject Property having an occupancy rate of 99.06% is let to various tenants at an aggregate monthly rent of about RMB11,750,182 exclusive of value-added tax, management fees and utility charges with the last expiry date on 30th April 2021; whilst the remaining portion of the Subject Property is left vacant.</p>	RMB3,000,000,000 (Renminbi Three Billion ONLY)
Use*	Gross Floor Area (square metres)																			
Retail	6,256.70																			
Office	39,769.63																			
Carpark	13,502.58																			
Bicycle Carpark	1,296.18																			
Management Offices	276.53																			
Refuge Floor	1,037.73																			
Total	62,139.35																			

* Note: The gross floor areas of the Subject Property for retail, office and carpark uses are quoted from Shanghai Certificate of Real Estate Ownership of the Subject Property; whilst the remainder is quoted from Registers of Real Estate of Shanghai Municipality of the Subject Property.

The Subject Property provides 273 private car parking spaces on basement and 27 aboveground private car parking spaces.

The Subject Property is held under granted land use rights from 7th January 2005 to 6th January 2055 for commercial and office uses.

Note:

- Pursuant to a copy of Shanghai Certificate of Real Estate Ownership (Document No.: Hu Fang Di Pu Zi (2011) No. 060397) registered on 29th September 2011, the Subject Property is vested in the name of “上海宏嘉房地產開發有限公司”.
- Annual rental income exclusive of value-added tax as at the Date of Valuation and lettable area breakdown of the Subject Property are tabulated as follows.

Uses	Total Lettable Area (square metres)	Leased Lettable Area (square metres)	Annual Rental Income (Approximately)
Retail	6,256.70	6,256.70	RMB14,600,000
Office	39,769.63	39,212.38	RMB124,610,000
Carpark	13,502.58	13,502.58	RMB1,710,000
Total	59,528.91	58,971.66	RMB140,920,000

- Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail and office portions of the Subject Property is set out below.

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	38.81%
1	2	36.90%
2	3	21.22%
3	4	0.51%
4	5	2.56%
Total	=	100.00%

- Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the office and retail portions of the Subject Property is set out below.

Year of Expiry	Proportion by Floor Area
In 2017	38.80%
In 2018	36.90%
In 2019	21.20%
In 2020	0.50%
In 2021 and Afterward	2.60%
Total	= 100.00%

- Save as disclosed, we understand that the Subject Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Subject Property.
- As advised by the Manager, the property management income of the Subject Property covers all relevant property management expenses; and the monthly property management fee are payable by tenants.

7. In the course of our valuation, we have adopted the following key assumptions.

Portion	Valuation Method	Parameters	Assumption
Retail	Income Capitalization Method	Term Yield	4.00% per annum
	Income Capitalization Method	Reversionary Yield	4.25% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.50% per annum
Office	Income Capitalization Method	Term Yield	4.00% per annum
	Income Capitalization Method	Reversionary Yield	4.25% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.50% per annum
Carpark	Income Capitalization Method	Term Yield	4.00% per annum
	Income Capitalization Method	Reversionary Yield	4.25% per annum
	Discounted Cash Flow Analysis	Discount Rate	8.50% per annum

8. We have summarized our valuations of the Subject Property by income capitalization method and discounted cash flow analysis as follows.

Income Capitalization Method	RMB3,020,000,000
Discounted Cash Flow Analysis	RMB2,980,000,000
Market Value (Equal Weighting of the Above)	RMB3,000,000,000

9. The estimated net yield of the Property is 4.70% which is derived from the estimated rental received in Year-2016 excluding the valued-added tax divided by the market value as at the Date of Valuation.



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TO THE UNITHOLDERS OF YUEXIU REAL ESTATE INVESTMENT TRUST

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

What we have audited

The consolidated financial statements of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (the "Group") set out on pages 140 to 197, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the distribution statement for the year then ended;
- the consolidated statement of net assets attributable to Unitholders and changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter identified in our audit is valuation of investment properties and the building portions of hotel and serviced apartments included in property, plant and equipment.

Key Audit Matter

Valuation of investment properties and the building portions of hotel and serviced apartments included in Property, plant and equipment

Refer to notes 2(e) (i), 2(f), 4(a), 13 and 15 to the consolidated financial statements.

The Group's investment properties amounting to RMB24,197,500,000 and the building portions of hotel and serviced apartments included in property, plant and equipment (together the "Subject Properties") amounting to RMB2,411,999,000 were carried at fair value at 31 December 2016. Changes in the fair values of the investment properties and hotel and serviced apartments during the year ended 31 December 2016 were recorded in profit or loss and other comprehensive income of RMB952,422,000 and RMB98,182,000 respectively.

The valuations were carried out by an independent professional valuer (the "Valuer") engaged by Yuexiu REIT Asset Management Limited, the Manager of Yuexiu REIT (the "Manager").

In determining the valuation of the Group's investment properties, the Valuer adopted the income capitalisation method and discounted cash flow analysis primarily to arrive at the fair value, with reference to recent comparable transactions and offerings under the direct comparison method, if available and applicable. Key valuation assumptions included estimated market rents, capitalisation rates, stabilised occupancy rates as well as discount rates.

In determining the valuation of the building portions of the Group's hotel and serviced apartments, the Valuer adopted the depreciated replacement cost approach with key assumptions of estimated building costs and depreciation of the building.

We focused on this area because the valuations of the Subject Properties involved significant judgements and estimates, and the carrying amounts of the Subject Properties and the changes in fair value were material to the Group's consolidated financial statements.

How our audit addressed the Key Audit Matter

Experience of the Valuer and relevance of their work

We read the Valuer's report prepared in accordance with HKIS Valuation Standards (2012 Edition), RICS Valuation – Professional Standards (January 2014) and the relevant charters in "Code on Real Estate Investment Trusts (August 2014 Fifth Edition)", and assessed the Valuer's qualifications and experience in the markets where the Subject Properties are located. We also assessed the Valuer's independence and objectivity by reading their terms of engagement with the Group and considering their fee arrangements and any other services provided to the Group.

Data provided by the Manager to the Valuer

We performed testing on a sample basis on the input data used by the Valuer in the valuations of the Subject Properties. These data included key terms of lease agreements, operating expenditure details, rental income schedules, gross floor area information and the year of completion which we agreed to the appropriate supporting documentation.

Methodologies and key assumptions used by the Valuer

We involved our in-house valuation experts in discussing and assessing the valuation methodologies and key assumptions with the Valuer and the Manager.

We considered the appropriateness and consistency of the use of the valuation methodologies based on our industry knowledge.

We assessed the reasonableness of the key assumptions applied in the valuations of the Subject Properties by comparing them to published industry reports, comparable market transactions, and those used in the prior period, and with reference to the age, nature and location of each property.

Overall, the valuation methodologies were consistently applied and the key assumptions used in the valuations were supportable in light of available evidence and the current market environment.



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Other Information

The Manager is responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Those Charged with Governance for the Consolidated Financial Statements

The Manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, 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.

In preparing the consolidated financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager is required to ensure 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 provisions of Appendix C of the Code on Real Estate Investment Trusts issued by the Hong Kong Securities and Futures Commission (the "REIT Code").

Those charged with governance are responsible for overseeing the Group's financial reporting process.



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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to the Unitholders, 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code

In our opinion, the consolidated financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

The engagement partner on the audit resulting in this independent auditor's report is Tsang Nga Kwan.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 14 February 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RMB' 000	2015 RMB' 000
Revenue	5	1,837,579	1,709,645
Operating expenses, net	6	(955,244)	(1,065,580)
Fair value gain on investment properties	15	952,422	1,074,920
Fair value gain on derivative financial instruments	20	74,626	—
Finance income	9	26,243	44,963
Finance expenses	10	(938,299)	(763,232)
Profit before income tax and transactions with unitholders		997,327	1,000,716
Income tax expense	11	(285,183)	(260,033)
Profit after income tax before transactions with unitholders		712,144	740,683
Transactions with unitholders	28	(775,488)	(838,171)
Loss after income tax and transactions with unitholders		(63,344)	(97,488)
Other comprehensive income for the year:			
<u>Items that will not be reclassified to profit or loss</u>			
Change in fair value of property, plant and equipment			
– Gross		98,182	143,670
– Tax		(27,498)	(40,238)
Other comprehensive income for the year, net of tax		70,684	103,432
Total comprehensive income for the year		7,340	5,944

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to				Total RMB' 000
	Unitholders Before Transactions with unitholders RMB' 000	Transactions with unitholders (Note 28) RMB' 000	Unitholders After Transactions with unitholders RMB' 000	Non - controlling interests RMB' 000	
Profit/(loss) for the year ended 31 December 2015	735,817	(838,171)	(102,354)	4,866	(97,488)
Other comprehensive income: <u>Items that will not be reclassified to profit or loss</u>					
Change in fair value of property, plant and equipment, net of tax	102,354	—	102,354	1,078	103,432
Total comprehensive income for the year ended 31 December 2015	838,171	(838,171)	—	5,944	5,944
Profit/(loss) for the year ended 31 December 2016	705,540	(775,488)	(69,948)	6,604	(63,344)
Other comprehensive income: <u>Items that will not be reclassified to profit or loss</u>					
Change in fair value of property, plant and equipment, net of tax	69,948	—	69,948	736	70,684
Total comprehensive income for the year ended 31 December 2016	775,488	(775,488)	—	7,340	7,340

Notes:

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

The notes on page 147 to 197 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 RMB' 000	2015 RMB' 000
Non-current assets			
Property, plant and equipment	13	2,413,699	2,412,453
Land use rights	14	1,478,539	1,527,824
Investment properties	15	24,197,500	23,194,000
Deferred assets	17	219,913	187,412
Goodwill	18	824,459	824,459
Top-up payment asset, non-current portion	19	—	32,237
Derivative financial instruments	20	74,626	—
		29,208,736	28,178,385
Current assets			
Inventories		4,337	4,241
Trade receivables	21	14,865	13,168
Amounts due from related parties	31	131,351	292,172
Prepayments, deposits and other receivables	22	41,574	42,907
Top-up payment asset, current portion	19	17,184	64,314
Short-term bank deposits	23	22,400	57,269
Cash and cash equivalents	23	1,180,828	682,596
		1,412,539	1,156,667
Total assets		30,621,275	29,335,052
Current liabilities			
Trade payables	25	15,276	13,094
Rental deposits, current portion	26	106,676	127,160
Receipts in advance	26	71,366	77,016
Accruals and other payables	26	658,019	769,245
Amounts due to related parties	31	83,441	74,926
Borrowings	27	1,503,357	2,841,730
Tax payable		10,421	2,849
		2,448,556	3,906,020

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 RMB' 000	2015 RMB' 000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	26	213,109	175,842
Receipt in advance	26	12,233	12,669
Borrowings	27	10,421,629	8,136,215
Deferred tax liabilities	24	3,891,364	3,611,190
		14,538,335	11,935,916
Total liabilities, other than net assets attributable to unitholders			
Net assets attributable to unitholders	28	13,534,400	13,400,472
Total liabilities		30,521,291	29,242,408
Net assets		99,984	92,644
Equity			
Revaluation reserve		373,831	303,883
Retained earnings		(373,831)	(303,883)
		—	—
Non-controlling interests		99,984	92,644
Total equity		99,984	92,644
Units in issue (' 000)	28	2,921,780	2,828,887
Net assets attributable to unitholders per unit (RMB)		RMB4.63	RMB4.74

On behalf of the Board of Directors of the Manager

Director

Director

The notes on page 147 to 197 are an integral part of these consolidated financial statements.

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RMB' 000	2015 RMB' 000
Profit after income tax before transactions with unitholders attributable to unitholders		705,540	735,817
Adjustments for the total distributable income (i)			
– Fair value gain on investment properties		(952,422)	(1,074,920)
– Fair value gain on derivative financial instruments		(74,626)	—
– Deferred taxation in respect of fair value gain on investment property charged to profit or loss		190,184	154,795
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(271,081)	(281,147)
Total distributable loss		(402,405)	(465,455)
Additional items (ii)			
– Cash received and/or receivable according to the Deed of Top-up Payments		52,626	66,823
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		271,081	281,147
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)		156,878	151,800
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		76,848	79,308
– Manager’s fee paid and payable in units in lieu of cash		110,421	101,955
– Interest income and fair value loss from top-up payment asset		15,194	28,304
– Foreign exchange loss in financing activities		544,074	375,543
– Expenses incurred in connection with the acquisition of subsidiaries		—	84,896
Distributable income after additional items		824,717	704,321
Distributable amount at 1 January		362,749	338,835
Distributions paid during the year (iii)	28	(747,221)	(680,407)
Final distribution declared		440,245	362,749
Distribution per unit, declared (iv)		RMB0.1506	RMB0.1282

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. For the year ended 31 December 2015, most of the expenses incurred in connection with the acquisition of subsidiaries of RMB84,896,000 will be distributed.
- (iii) A final distribution for the period from 1 July 2015 to 31 December 2015 of RMB0.1275 (equivalent to HK\$0.1522) per unit and interim distribution for the period from 1 January 2016 to 30 June 2016 of RMB0.1346 (equivalent to HK\$0.1570) per unit, totaling RMB747,221,000 (2015: RMB680,407,000), were paid to unitholders on 17 May 2016 and 28 October 2016 respectively.
- (iv) A final distribution for the period from 1 July 2016 to 31 December 2016 of RMB0.1506 (equivalent to HK\$0.1699) per unit, totaling RMB440,245,000 (equivalent to HK\$496,627,071) was declared by the Board of the Manager on 14 February 2017.

The notes on page 147 to 197 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 2016

	Net assets attributable to unitholders RMB' 000	Equity			Total RMB' 000
		Retained earnings RMB' 000	Revaluation reserve RMB' 000	Non- controlling interests RMB' 000	
At 1 January 2015	13,141,954	(201,529)	201,529	86,700	13,228,654
Issuance of units	100,754	—	—	—	100,754
Profit/(loss) for the year ended 31 December 2015 attributable to:					
– Unitholders	838,171	—	—	—	838,171
– Equity holders	—	(102,354)	—	4,866	(97,488)
Distributions paid to unitholders	(680,407)	—	—	—	(680,407)
Change in fair value of property, plant and equipment, net of tax	—	—	102,354	1,078	103,432
At 31 December 2015	13,400,472	(303,883)	303,883	92,644	13,493,116
At 1 January 2016	13,400,472	(303,883)	303,883	92,644	13,493,116
Issuance of units	105,661	—	—	—	105,661
Profit/(loss) for the year ended 31 December 2016 attributable to:					
– Unitholders	775,488	—	—	—	775,488
– Equity holders	—	(69,948)	—	6,604	(63,344)
Distributions paid to unitholders	(747,221)	—	—	—	(747,221)
Change in fair value of property, plant and equipment, net of tax	—	—	69,948	736	70,684
At 31 December 2016	13,534,400	(373,831)	373,831	99,984	13,634,384

The notes on page 147 to 197 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RMB' 000	2015 RMB' 000
Cash flows from operating activities			
Cash generated from operations	29	1,182,902	899,470
Interest paid		(355,004)	(332,567)
Corporate income tax paid		(24,935)	(12,812)
Top-up payment received		64,173	76,314
Net cash generated from operating activities		867,136	630,405
Cash flows from investing activities			
Additions of investment properties		(51,078)	(50,080)
Additions of property, plant and equipment		(10,657)	(1,804)
Interest received		26,243	44,963
Decrease/(increase) in short-term bank deposits with original maturity of more than three months		34,869	(44,116)
Acquisition of subsidiaries, net of cash acquired	30	—	(2,373,702)
Net cash used in investing activities		(623)	(2,424,739)
Cash flows from financing activities			
Distributions paid		(747,221)	(680,407)
Proceeds from borrowings, net of transaction costs		6,075,015	3,401,037
Repayment of bank borrowings		(5,696,075)	(1,230,000)
Net cash (used in)/generated from financing activities		(368,281)	1,490,630
Net increase/(decrease) in cash and cash equivalents		498,232	(303,704)
Cash and cash equivalents at beginning of the year		682,596	986,300
Cash and cash equivalents at end of the year	23	1,180,828	682,596

The notes on page 147 to 197 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

Yuexiu REIT is listed on The Stock Exchange of Hong Kong Limited. These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements of Yuexiu REIT have been prepared in accordance with all applicable 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 and derivative financial instruments, 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.

As at 31 December 2016, the Group’s current liabilities exceeded its current assets by RMB1,036,017,000 (2015: RMB2,749,353,000) mainly as the bank borrowings of RMB1,503,357,000 (2015: RMB2,841,730,000) fall due within twelve months from the balance sheet date. The Manager is in the process of discussing with the Group’s principal bankers and believes the Group will be able to refinance the bank borrowings based on the Group’s past experience, its asset base and low gearing ratio. Taking into account the refinancing of bank borrowings and other financial resources available including internally generated funds and existing or new facilities, the Manager considers the Group has adequate resources to meet its liabilities and commitments as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New and amended standards effective for the year ended 31 December 2016

HKAS 1 (Amendment)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual improvements 2012-2014 cycle	Improvements to HKFRSs

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

(ii) New and amended standards have been issued but are not yet effective for the year ended 31 December 2016 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 12	Income taxes	1 January 2017
Amendments to HKAS 7	Statement of cash flow	1 January 2017
Amendment to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Manager anticipate that the adoption of these new and amended standards would not result in any significant impact on the results and financial position of the Group. The Group plans to adopt these new and amended standards 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 2016.

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

(ii) Business Combinations

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(e) Property, plant and equipment

- (i) Hotel and serviced apartments comprise mainly buildings, leasehold improvements and fixtures and furniture of hotel and serviced apartment, and 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 profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

- (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 reliably.

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

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

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

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

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

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

(f) Investment properties

Investment property, principally comprising leasehold land, office buildings and shopping mall, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goodwill

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

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

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

(h) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised immediately in profit or loss.

(i) Impairment of non-financial assets

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

(j) Offsetting financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

(l) Loan and other receivables

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

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

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

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

(m) Land use rights

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

(n) Rental deposits

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

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

(o) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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.

(q) 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.

(r) 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.

(s) Borrowing costs

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

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

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

(iii) Offsetting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition

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

(i) Rental income

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

(ii) Hotel and serviced apartment income

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

(iii) Interest income

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

(v) Distributions to unitholders

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

(w) Employee benefits

(i) Pension obligations

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Employee benefits (continued)

(ii) Termination benefits

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

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange 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 and bank borrowings denominated primarily in Hong Kong dollar ("HK\$") and United States dollar ("USD"). As RMB depreciated significantly against HK\$ and USD during 2016, the Group adjusted the currency mix of its loan portfolio and entered into several capped foreign exchange forward contracts during the year and has started to manage the expected foreign exchange losses.

At 31 December 2016 and 2015, if RMB had weakened/strengthened by 5% against HK\$ and USD with all other variables held constant, post-tax profit for the year ended 31 December 2016 would have been approximately RMB411,199,000 (2015: RMB409,124,000) 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 and borrowings.

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(b) Cash flow interest rate risk

The Group's interest rate risk mainly arises from borrowings obtained at variable rates which expose the Group to cash flow interest rate risk.

Under the Group's interest rate management policy, the Group generally raises borrowings at floating rates and may use floating-to-fixed interest rate swaps to manage the risk where the Group forecasts a significant rise in interest charge in the foreseeable future. The Group did not enter into any swaps for its floating-rate borrowing for the year ended 31 December 2016 and 2015. At 31 December 2016 and 2015, 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 RMB117,225,000 (2015: RMB109,029,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(ii) Credit risk

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

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.

	2016 RMB' 000	2015 RMB' 000
Counterparty		
The Hongkong and Shanghai Banking Corporation Ltd.	19,096	5,413
Bank of China	911,462	488,394
DBS Bank Ltd. Hong Kong Branch	253,367	230,913
Other banks	18,857	14,705
Short-term bank deposits and cash and cash equivalent	1,202,782	739,425

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

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

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.

(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 RMB1,203,228,000 as at 31 December 2016 (2015: RMB739,865,000). Due to the nature of the underlying business, the Manager maintains flexibility by adjusting the amount of distributions to be paid for the percentage in excess of 90% of the distributable income.

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

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

	Within one year RMB' 000	Between one and two years RMB' 000	Between two and five years RMB' 000	Over five years RMB' 000	Total RMB' 000
As at 31 December 2016					
Rental deposits	106,676	86,985	152,739	16,120	362,520
Trade payables	15,276	—	—	—	15,276
Accruals and other payables	658,019	—	—	—	658,019
Amounts due to related parties	83,441	—	—	—	83,441
Bank borrowings					
– Principal to be repaid	1,503,357	3,151,092	2,837,627	2,013,300	9,505,376
– Interest payables	296,300	221,769	362,916	174,447	1,055,432
Other borrowings					
– Principal to be repaid	—	2,419,610	—	—	2,419,610
– Interest payables	75,008	31,253	—	—	106,261
As at 31 December 2015					
Rental deposits	127,160	85,745	84,213	19,098	316,216
Trade payables	13,094	—	—	—	13,094
Accruals and other payables	754,419	—	—	—	754,419
Amounts due to related parties	74,926	—	—	—	74,926
Bank borrowings					
– Principal to be repaid	2,841,730	975,741	4,556,032	345,000	8,718,503
– Interest payables	566,152	480,690	435,549	100,965	1,583,356
Other borrowings					
– Principal to be repaid	—	—	2,259,442	—	2,259,442
– Interest payables	70,043	70,043	29,184	—	169,270

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management

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

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

During 2016, the Group's strategy, which was unchanged from 2015, was to maintain a gearing ratio not exceeding 45%. The gearing ratio at 31 December 2016 and 2015 were as follows:

	2016 RMB' 000	2015 RMB' 000
Total borrowings (Note 27)	11,924,986	10,977,945
Total asset value	30,621,275	29,335,052
Gearing ratio	39%	37%

The gearing ratio increased to 39% in 2016 (2015: 37%) due to the increase in borrowings during the year.

(c) Fair value estimation

The carrying amounts of the Group's current financial assets and current financial liabilities approximate their fair values due to their short maturities.

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

See Note 13 for disclosures of property, plant and equipment, Note 15 for investment properties, and Note 20 for derivative financial instruments.

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.

4 CRITICAL ACCOUNTING ESTIMATES (continued)

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

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

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

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

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

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

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

(b) Estimate of impairment of goodwill

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

(c) Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not traded in an active market is determined by using valuation techniques. The Group's management uses a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of fair value estimates on derivative financial instruments have been disclosed in Note 20.

5 REVENUE AND SEGMENT INFORMATION

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

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

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

Total assets excluded corporate assets which are not directly attributable to segments.

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

	Hotel and serviced apartments RMB' 000	Office rental RMB' 000	Wholesale and shopping mall RMB' 000	Group RMB' 000
Year ended 31 December 2016				
Revenue from external customers	483,921	815,300	538,358	1,837,579
Segment results	3,183	1,451,054	609,411	2,063,648
Depreciation and amortisation	155,125	1,753	—	156,878
Fair value gain on investment properties	—	785,384	167,038	952,422
Year ended 31 December 2015				
Revenue from external customers	491,224	708,752	509,669	1,709,645
Segment results	(18,067)	1,175,179	791,653	1,948,765
Depreciation and amortisation	149,955	1,845	—	151,800
Fair value gain on investment properties	—	633,296	441,624	1,074,920
As at 31 December 2016				
Total reportable segments' assets	4,382,545	16,503,352	8,892,882	29,778,779
As at 31 December 2015				
Total reportable segments' assets	4,620,454	15,201,013	8,676,834	28,498,301

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	
	2016 RMB' 000	2015 RMB' 000
Segment results	2,063,648	1,948,765
Fair value gain on dereviate financial instruments	74,626	—
Unallocated operating costs (Note)	(228,891)	(229,780)
Operating profit	1,909,383	1,718,985
Finance income	26,243	44,963
Finance expenses	(938,299)	(763,232)
Profit before income tax and transactions with unitholders	997,327	1,000,716

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	
	2016 RMB' 000	2015 RMB' 000
Total reportable segments' assets	29,778,779	28,498,301
Corporate assets	842,496	836,751
Total assets	30,621,275	29,335,052

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2016 RMB' 000	2015 RMB' 000	2016 RMB' 000	2015 RMB' 000
China	1,837,579	1,709,645	29,778,779	28,498,301
Unallocated assets			842,496	836,751
			30,621,275	29,335,052

5 REVENUE AND SEGMENT INFORMATION (continued)

The Group's revenue by nature is as follows:

	2016 RMB' 000	2015 RMB' 000
Hotel and serviced apartments operations		
Room rentals	273,565	275,643
Food and beverages	195,694	200,346
Property rentals	1,353,658	1,218,431
Others	14,662	15,225
	1,837,579	1,709,645

6 EXPENSES BY NATURE, NET

	2016 RMB' 000	2015 RMB' 000
Property management fees (i)	40,977	37,473
Employee benefit expenses (Note 7)	111,992	116,795
Real estate tax	174,348	159,327
Business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	44,876	102,706
Withholding tax (ii)	80,501	62,725
Depreciation of property, plant and equipment (Note 13)	107,593	102,515
Amortisation of land use rights (Note 14)	49,285	49,285
Cost of inventories sold or consumed in operation	50,536	69,878
Other direct expenses on hotel and serviced apartment	130,789	122,569
Manager's fee (Note 8)	129,907	139,555
Trustee's fee	9,186	8,476
Valuation fees	1,000	1,118
Legal and professional fee	8,680	64,366
Auditor's remuneration	3,055	3,090
Bank charges	708	762
Foreign exchange (gain)/loss arising from operating activities	(9,619)	6,667
Others	21,430	18,273
Total operating expenses, net	955,244	1,065,580

Note:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents in Guangzhou, namely, Guangzhou Yicheng Property Management Ltd., Guangzhou Baima Business Operation Management Co. Ltd. (previously known as Guangzhou White Horse Property Management Co., Ltd.) and Guangzhou Yuexiu Asset Management Company Limited (Note 31).
- (ii) Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

7 EMPLOYEE BENEFIT EXPENSES

	2016 RMB' 000	2015 RMB' 000
Wages, salaries and bonus	77,316	79,500
Pension costs	4,303	4,472
Medical benefits costs	3,340	3,504
Social security costs	5,101	6,202
Staff welfare	21,932	23,117
	111,992	116,795

Pension scheme arrangements

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

8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property; a service fee of 3% per annum of net property income and a transaction fee of 1% of the consideration for the acquisition of any real estate, as defined in the Trust Deed. A transaction fee of RMB26,272,000 in business combination in relation to the acquisition in Shanghai was included in manager's fee for the year ended 31 December 2015.

	2016 RMB' 000	2015 RMB' 000
Manager's fee:		
In the form of units	110,421	101,955
In the form of cash	19,486	37,600
	129,907	139,555

Pursuant to the circular of Yuexiu REIT dated 30 June 2012, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017 will be paid in the form of units. In accordance with the Trust Deed, the Manager Fee Units for the year ended 31 December 2016 are expected to be issued on 10 March 2017. 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 higher of (i) the closing price of the units on the trading day immediately preceding 10 March 2017 and (ii) the average closing price of the units in the 10 trading days immediately preceding 10 March 2017.

9 FINANCE INCOME

	2016	2015
	RMB' 000	RMB' 000
Interest income from bank deposits	10,445	9,787
Interest income from a related company	15,798	30,327
Interest income from top-up payment asset (note 19)	—	4,849
	26,243	44,963

10 FINANCE EXPENSES

	2016	2015
	RMB' 000	RMB' 000
Interest expense for bank borrowings	283,221	265,207
Interest expense for other borrowings	71,783	67,360
Amortisation of transaction costs for borrowings	24,027	21,969
Fair value loss on top-up payment asset (note 19)	15,194	33,153
Foreign exchange loss on financing activities	544,074	375,543
	938,299	763,232

11 INCOME TAX EXPENSE

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

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 6 (ii).

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

	2016	2015
	RMB' 000	RMB' 000
Current income tax		
– China corporate income tax	32,287	15,617
– Under-provision in prior years	220	246
Deferred income tax (Note 24)	252,676	244,170
	285,183	260,033

11 INCOME TAX EXPENSE (continued)

The tax on the Group's profit before income tax and transactions with unitholders differs from the theoretical amount that would arise using the corporate income tax rate of China as follows:

	2016	2015
	RMB' 000	RMB' 000
Profit before income tax and transactions with unitholders	997,327	1,000,716
Tax calculated at domestic tax rate of 25%	249,332	250,179
Income not subject to tax	(235,945)	(195,007)
Expenses not deductible for tax purposes	233,189	183,922
Under-provision in prior years	220	246
Withholding tax on unremitted earnings of subsidiaries	38,387	20,693
	285,183	260,033

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.

	2016	2015
Profit after income tax before transactions with unitholders attributable to unitholders (RMB' 000)	705,540	735,817
Weighted average number of units in issue (' 000)	2,854,211	2,817,730
Basic earnings per unit (RMB)	0.25	0.26

12 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS (continued)

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the year which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. For the purpose of calculating diluted earnings per unit, the number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 31 December 2016.

	2016	2015
Profit after income tax before transactions with unitholders attributable to unitholders (RMB' 000)	705,540	735,817
Weighted average number of units in issue (' 000)	2,854,211	2,817,730
Adjustments for deferred units (' 000)	668,401	733,280
Adjustments for manager's fee in form of units (' 000)	13,761	15,604
Weighted average number of units for diluted earnings per unit (' 000)	3,536,373	3,566,614
Diluted earnings per unit (RMB)	0.20	0.21

13 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments RMB' 000	Office supplies RMB' 000	Motor vehicles RMB' 000	Total RMB' 000
At 1 January 2015				
Cost	2,293,347	12,692	9,503	2,315,542
Accumulated depreciation	(212,014)	(12,544)	(4,374)	(228,932)
Fair value gain on revaluation	282,884	—	—	282,884
Net book amount	2,364,217	148	5,129	2,369,494
Year ended 31 December 2015				
Opening net book amount	2,364,217	148	5,129	2,369,494
Additions	1,804	—	—	1,804
Depreciation (Note 6)	(100,691)	(60)	(1,764)	(102,515)
Disposal	—	(15)	—	(15)
Acquisition of subsidiaries (Note 30)	—	15	—	15
Fair value gain on revaluation	143,670	—	—	143,670
Closing net book amount	2,409,000	88	3,365	2,412,453
At 31 December 2015				
Cost	2,295,151	12,692	9,503	2,317,346
Accumulated depreciation	(312,705)	(12,604)	(6,138)	(331,447)
Fair value gain on revaluation	426,554	—	—	426,554
Net book amount	2,409,000	88	3,365	2,412,453
Year ended 31 December 2016				
Opening net book amount	2,409,000	88	3,365	2,412,453
Additions	10,657	—	—	10,657
Depreciation (Note 6)	(105,840)	(23)	(1,730)	(107,593)
Fair value gain on revaluation	98,182	—	—	98,182
Closing net book amount	2,411,999	65	1,635	2,413,699
At 31 December 2016				
Cost	2,305,808	12,692	9,503	2,328,003
Accumulated depreciation	(418,545)	(12,627)	(7,868)	(439,040)
Fair value gain on revaluation	524,736	—	—	524,736
Net book amount	2,411,999	65	1,635	2,413,699

If hotel and serviced apartments had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of RMB1,887,263,000 (2015: RMB1,982,446,000).

13 PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2016, property, plant and equipment with an aggregate carrying amount of RMB2,138 million (2015: RMB2,136 million) were pledged as collateral for the Group's bank borrowings (Note 27).

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

	31 December	
	2016	2015
	RMB' 000	RMB' 000
Opening balance	2,409,000	2,364,217
Additions	10,657	1,804
Depreciation	(105,840)	(100,691)
Unrealised gains recognised in reserve	98,182	143,670
Closing balance	2,411,999	2,409,000
Unrealised gains for the year included in other comprehensive income during the year	98,182	143,670

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and service apartments were revalued by Vigers Appraisal and Consulting Limited, being independent qualified valuer not related to the Group at 31 December 2016 and 2015 respectively.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair value of building portion of hotel and serviced apartments of Guangzhou International Financial Center ("Guangzhou IFC") is derived using depreciated replacement cost method.

The depreciated replacement costs method involves estimation of the market redevelopment costs of the building portion of hotel and serviced apartments of Guangzhou IFC which includes building costs, finance costs and professional fee. Depreciation is also considered to reflect the physical deterioration, functional and economic obsolescence to derive the fair value.

The overall fair value (including land and building elements) of hotel and serviced apartments in China is generally derived using the discounted cash flow analysis. Due to lack of land transaction in market, fair value of land, for disclosure purpose only as set out in Note 14, is therefore calculated as the difference between the fair value under discounted cash flow analysis and the fair value under depreciated replacement costs method.

In the course of discounted cash flow analysis, both income and expenses over the coming 10 years from the date of valuation are itemised and projected annually taking into account the rental revenue, associated revenues and the expected growth of income and expenses. The net cash flow over the ten-year period is discounted at an appropriate rate of return.

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

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

Significant inputs used to determine fair value

Building costs are estimated by reference to market construction costs of other similar buildings. The higher costs, the higher the fair value.

The adopted valuation assumptions in the depreciated replacement cost method are summarised as follows:

As at 31 December 2015

	Depreciated replacement cost method		
	Building cost (RMB/m ²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	13,850	5	5
Serviced apartments	11,160	5	5

13 PROPERTY, PLANT AND EQUIPMENT (continued)**Significant inputs used to determine fair value** (continued)

As at 31 December 2016

	Depreciated replacement cost method		
	Building cost (RMB/m ²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	14,000	5	5
Serviced apartments	11,300	5	5

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:

	2016 RMB' 000	2015 RMB' 000
At 1 January	1,527,824	1,577,109
Amortisation (Note 6)	(49,285)	(49,285)
At 31 December	1,478,539	1,527,824

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

	31 December 2016 RMB' 000	31 December 2015 RMB' 000
In China:		
Land use rights of between 10 and 50 years	1,478,539	1,527,824

As at 31 December 2016, the fair value of land use rights is approximately RMB2,048 million (2015: RMB1,971 million). The change in fair value is not reflected in the consolidated financial statements.

As at 31 December 2016, land use rights were pledged with an aggregate net book amount of approximately RMB1,393 million (2015: RMB1,443 million) as collateral for the Group's bank borrowings (Note 27).

15 INVESTMENT PROPERTIES

	2016 RMB' 000	2015 RMB' 000
At 1 January	23,194,000	19,299,000
Additions during the year	51,078	50,080
Acquisition of subsidiaries (Note 30)	—	2,770,000
Fair value gains during the year, included in profit or loss under 'Fair value gain on investment properties'	952,422	1,074,920
At 31 December	24,197,500	23,194,000
Fair value gains for the year included in profit or loss for assets held at the end of the year, under 'Fair value gain on investment properties'	952,422	1,074,920

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

In the consolidated statement of comprehensive income, direct operating expenses relating to investment properties amounted to RMB223,337,000 (2015: RMB201,949,000). Included in the direct operating expenses, RMB2,919,000 (2015: RMB4,811,000) was related to investment properties that were vacant.

Yuexiu REIT acquired Yuexiu Tower (previously known as Hongjia Tower) on 31 August 2015. In accordance with the REIT Code, Yuexiu REIT is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless the unitholders have passed a special resolution consenting to the proposed disposal.

As at 31 December 2016, investment properties with an aggregate carrying value of approximately RMB3,317 million (2015: RMB3,177 million) were pledged as collateral for the Group's bank borrowings (Note 27).

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Vigers Appraisal and Consulting Limited, being independent qualified valuer not related to the Group at 31 December 2016 and 2015 respectively.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

15 INVESTMENT PROPERTIES (continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties in China are derived using both the income capitalisation method and discounted cash flow analysis.

The income capitalisation method is used to capitalise the unexpired rental income of contractual tenancies. It has also taken into account the reversionary market rent after the expiry of tenancies in capitalisation. The prevailing market rents adopted in the valuation have made reference to recent lettings and other similar comparable properties in the vicinity.

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

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

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

Significant inputs used to determine fair value

Capitalisation and discount rates are estimated by Vigers Appraisal and Consultanting Limited for 2016 and 2015 based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

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

The adopted valuation assumptions in the income capitalisation method are summarised as follows:

As at 31 December 2015

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	104 to 360	4.75% to 8.00%
Wholesale and shopping mall	49 to 1,207	4.75% to 8.50%

15 INVESTMENT PROPERTIES (continued)

Significant inputs used to determine fair value (continued)

As at 31 December 2016

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	52 to 328	4.25% to 7.50%
Wholesale and shopping mall	85 to 1,250	4.25% to 8.00%

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

As at 31 December 2015

	Monthly Market Unit Rent (RMB per sq.m.)	Discount Rate	Stabilised Occupancy Rate
Office	104 to 360	7.25% to 9.25%	97.30% to 100.00%
Wholesale and shopping mall	49 to 1,207	7.50% to 9.50%	86.81% to 100.00%

As at 31 December 2016

	Monthly Market Unit Rent (RMB per sq.m.)	Discount Rate	Stabilised Occupancy Rate
Office	52 to 328	6.75% to 8.75%	90.00% to 98.96%
Wholesale and shopping mall	85 to 1,250	7.00% to 9.00%	95.00% to 99.48%

16 SUBSIDIARIES

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital	Interest held (Note)
GZI REIT (Holding) 2005 Company Limited ("HoldCo 2005")	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share	100%
Yuexiu REIT 2012 Company Limited ("HoldCo 2012")	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Yuexiu REIT MTN Company Limited ("REIT MTN")	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Yuexiu REIT 2013 Company Limited ("REIT 2013")	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Partat Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Moon King Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Full Estates Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Keen Ocean Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Metrogold Development Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	100 ordinary share of USD1	100%
Guangzhou Jieyacheng Properties Company Limited	China, limited liability company	Leasing of commercial properties in China	Registered capital of RMB92 million	100%
Tower Top Development Ltd. ("Tower Top")	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary share of USD1	99.99%
Bliss Town Holdings Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Hoover Star International Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%

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)
Miller Win Group Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Shinning Opal Management Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Ever Joint Investment International Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	99.99%
Long Grace Holdings Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	99.99%
Profit Link Investment International Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	99.99%
San Bright Holdings Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	99.99%
Guangzhou Yuecheng Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK\$300 million	99.99%
Guangzhou Yuesheng Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK\$300 million	99.99%
Guangzhou Yuehui Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK\$300 million	99.99%
Guangzhou Yueli Industrial Ltd.	China, limited liability company	Investment holding	Registered capital of HK\$300 million	99.99%
Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd	China, limited liability company	Property management and property leasing	Registered capital of RMB2,650 million	98.99%
Guangzhou IFC Hospitality Management Co. Ltd	China, limited liability company	Hospitality management	Registered capital of RMB5 million	98.99%
Shanghai Hong Jia Real Estate Development Co., Ltd. ¹	China, limited liability company	Leasing of commercial properties in China	Registered capital of USD28.5 million	100%
Bestget Enterprises Limited ¹	Hong Kong, limited liability company	Investment holding	257,614,000 ordinary shares of HK\$257,614,000	100%

1 These subsidiaries are acquired during the year ended 31 December 2015.

Note:

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

17 DEFERRED ASSETS

Rental income is recognised on an accruals basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets. Deferred assets which are expected to be realised twelve months after the balance sheet date are classified as non-current assets. The deferred assets are denominated in RMB.

18 GOODWILL

	2016 RMB' 000	2015 RMB' 000
At 1 January		
Cost	824,459	160,324
Accumulated impairment	—	—
Net book amount	824,459	160,324
Year ended 31 December		
Opening net book amount	824,459	160,324
Acquisition of subsidiaries (Note 30)	—	664,135
Net book amount	824,459	824,459
At 31 December		
Cost	824,459	824,459
Accumulated impairment	—	—
Net book amount	824,459	824,459

18 GOODWILL (continued)

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 pre-tax 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:

	2016	2015
Growth rate per annum	4.00%-5.50%	3.80%
Discount rate per annum	8.50%-8.75%	9.00%-9.25%

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

19 TOP-UP PAYMENT ASSET

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

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

It is initially recognised at fair value. In determining the fair value of the top-up payment asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cashflows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the market interest rate of 1.65% (2015: 1.65%) per annum. Top-up payment asset is subsequently carried at amortised cost using the effective interest method. The expected future cash flows are revisited regularly. The carrying amount of top-up payment asset will be adjusted to reflect the actual and revised estimated cash flows, by computing the present value of estimated future cash flows at the original effective interest rate. The adjustment is recognised in "finance expense"/"finance income".

The top-up payment for the year ended 31 December 2016 was RMB52,626,000 (2015: RMB66,823,000).

20 DERIVATIVE FINANCIAL INSTRUMENTS

	2016 HK\$' 000	2015 HK\$' 000
Capped forward foreign exchange contracts	74,626	—

The fair value of the derivative financial instrument is classified as a non-current asset or liability if the settlement date is beyond 12 months after balance sheet date.

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 31 December 2016 were USD177,000,000 and HK\$1,000,000,000 (2015: Nil).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair values of capped forward exchange contracts are calculated by reference to the present value of the estimated future cash flows, taking into account market observable forward exchange rates at each reporting date. If significant inputs required to fair value on instrument are observable, the instrument is included in level 2 of the fair value hierarchy.

21 TRADE RECEIVABLES

	2016 RMB' 000	2015 RMB' 000
Trade receivables	14,865	13,168

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:

	2016 RMB' 000	2015 RMB' 000
0-30 days	11,566	11,120
31-90 days	3,196	1,796
91-180 days	103	252
	14,865	13,168

As at 31 December 2016, trade receivables of approximately RMB14,865,000 (2015: RMB13,168,000) were fully performing.

As at 31 December 2016, the Group has insignificant trade receivables which are past due but not impaired.

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

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables mainly represents prepaid business tax on rental deposits 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.

23 SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2016 RMB' 000	2015 RMB' 000
Cash at bank and on hand	1,162,327	572,621
Short-term bank deposits with original maturity of less than three months	18,501	109,975
Cash and cash equivalents	1,180,828	682,596
Short-term bank deposits with original maturity of more than three months	22,400	57,269
Total	1,203,228	739,865
Maximum exposure to credit risk	1,202,781	739,425

As at 31 December 2016, included in the cash and cash equivalents of the Group are bank deposits of approximately RMB999,684,000 (2015: RMB572,004,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of short-term bank deposits and cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates 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:

	2016 RMB' 000	2015 RMB' 000
HK\$	143,895	63,575
RMB	1,000,130	572,444
USD	59,203	103,846
	1,203,228	739,865

24 DEFERRED TAX LIABILITIES

	2016 RMB' 000	2015 RMB' 000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	3,891,364	3,611,190

The movements in the deferred tax liabilities are as follows:

	2016 RMB' 000	2015 RMB' 000
Beginning of the year	3,611,190	2,607,530
Deferred taxation charged to profit or loss (Note 11)	252,676	244,170
Deferred taxation charged to reserve	27,498	40,238
Acquisition of subsidiaries (Note 30)	—	719,252
End of the year	3,891,364	3,611,190

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

	Tax losses RMB' 000
At 1 January 2015	72,008
Credited to profit or loss	14,477
At 31 December 2015	86,485
At 1 January 2016	86,485
Credited to profit or loss	27,404
At 31 December 2016	113,889

24 DEFERRED TAX LIABILITIES (continued)

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

	Fair value gains RMB' 000	Withholding tax in respect of unremitted earnings of subsidiaries RMB' 000	Accelerated depreciation allowance and others RMB' 000	Total RMB' 000
Year ended 31 December 2015				
At 1 January 2015	2,149,809	261,238	268,491	2,679,538
Charged to profit or loss	154,795	12,252	91,600	258,647
Charged to reserve	40,238	—	—	40,238
Acquisition of subsidiaries (Note 30)	534,698	166,610	17,944	719,252
At 31 December 2015	2,879,540	440,100	378,035	3,697,675
Year ended 31 December 2016				
At 1 January 2016	2,879,540	440,100	378,035	3,697,675
Charged/(credited) to profit or loss	190,184	(1,832)	91,728	280,080
Charged to reserve	27,498	—	—	27,498
At 31 December 2016	3,097,222	438,268	469,763	4,005,253

There is no significant unprovided deferred taxation as at 31 December 2016 (2015: nil).

25 TRADE PAYABLES

	2016 RMB' 000	2015 RMB' 000
Trade payables	15,276	13,094

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables is as follows:

	2016 RMB' 000	2015 RMB' 000
0 - 30 days	10,656	11,061
31 - 90 days	2,901	2,026
91 - 180 days	1,719	7
	15,276	13,094

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

26 RENTAL DEPOSITS, RECEIPTS IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	2016 RMB'000	2015 RMB'000
Rental deposits		
Current portion	106,676	127,160
Non-current portion	213,109	175,842
	319,785	303,002
Receipts in advance		
Current portion	71,366	77,016
Non-current portion	12,233	12,669
	83,599	89,685
Provision for urban real estate tax	16,550	10,398
Provision for withholding tax payable	13,816	9,353
Provision for value-added tax, urban construction and maintenance tax, education surcharge and local education surcharge	14,147	—
Provision for business tax, flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	—	5,473
Construction fee payable	497,148	645,072
Accruals for operating expenses	116,358	98,949
Accruals and other payables	658,019	769,245
	1,061,403	1,161,932

The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate their fair values.

Majority of the Group's rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

27 BORROWINGS

	2016 RMB' 000	2015 RMB' 000
Current portion of long term borrowings, secured	268,440	2,841,730
Current portion of long term borrowings, unsecured	1,234,917	—
	1,503,357	2,841,730
Long-term borrowings		
Bank borrowings		
– Secured (Note a)	3,355,500	2,360,000
– Unsecured	6,149,876	6,358,503
Other borrowings, unsecured (Note b)	2,419,610	2,259,442
	11,924,986	10,977,945
Less: current portion of long-term borrowings	(1,503,357)	(2,841,730)
Total long-term borrowings	10,421,629	8,136,215
Analysed into:		
Unsecured	8,569,486	8,617,945
Secured	3,355,500	2,360,000
	11,924,986	10,977,945

Note a:

Bank borrowings of the Group of RMB2,360 million in 2015 are guaranteed on a joint and several basis¹ and also secured by the following:

- certain parts of Guangzhou IFC amounting to RMB6,755 million;
- present and future assets (including but not limited to: (a) a charge over any interest-bearing accounts (the "Charged Accounts"), (b) a floating charge over all assets, (c) an assignment of dividends and all other revenue generated) of Yuexiu REIT 2012 Company Limited ("Yuexiu REIT 2012"), Tower Top Development Ltd. ("Tower Top"), BVI Holdcos² and HK Holdcos³, subsidiaries of the Group;
- all right, title and interest in all present and future loans of Yuexiu REIT 2012, Tower Top, BVI Holdcos² and HK Holdcos³;

¹ A syndicated loan amounting to RMB2,360 million is jointly and severally guaranteed by related parties, namely Guangzhou City Construction and Development Co., Ltd., Guangzhou Charcon Real Estate Co., Ltd. and Guangzhou City Construction and Development Group Co., Ltd. with an effective period expiring on the date two years after full repayment of the syndicated loan. A syndicated loan amounting to RMB2,377 million is jointly and severally guaranteed by Tower Top, BVI Holdcos² and HK Holdcos³.

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

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

27 BORROWINGS (continued)

During the year, the Group fully repaid the secured bank loan of RMB2,360 million and entered into new syndicated and entrustment loans totalling to RMB3,356 million which are secured by certain parts of Guangzhou IFC with carrying value of RMB6,848 million.

The Group's borrowings are repayable as follow:

	2016	2015
	RMB' 000	RMB' 000
Within one year	1,503,357	2,841,730
Between one year and five years	8,408,329	7,791,215
Over five years	2,013,300	345,000

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

	2016	2015
RMB	4.34%	6.34%
HK\$	2.52%	2.56%
USD	2.90%	2.97%

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

	2016	2015
	RMB' 000	RMB' 000
RMB	4,165,500	2,660,000
HK\$	3,370,740	3,500,025
USD	4,388,746	4,817,920
	11,924,986	10,977,945

The Group has no undrawn bank borrowing facility as at 31 December 2016 (2015: RMB126 million).

Note b:

On 14 May 2013, Yuexiu REIT MTN Company Limited, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$350 million principal amount of 3.10% notes due 2018 (the "USD Bond") to investors under the US\$1 billion guaranteed medium term note programme established on 21 March 2013 pursuant to the subscription agreement dated 7 May 2013. All of the USD Bond remained outstanding at 31 December 2016.

28 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2016 RMB' 000	2015 RMB' 000
At 1 January	13,400,472	13,141,954
Issuance of units	105,661	100,754
Transfer from the consolidated statement of comprehensive income	775,488	838,171
Distributions paid during the year	(747,221)	(680,407)
At 31 December	13,534,400	13,400,472

The movement of numbers of existing units is as below:

Units in issue ('000)	2016	2015
At 1 January	2,828,887	2,799,796
Units issued during the year (Note a)	28,014	29,091
Issuance of deferred units during the year (Note b)	64,879	—
At 31 December	2,921,780	2,828,887

Note a:

During 2016, 28,014,000 units were issued for payment of manager's fee (2015: 29,091,000 units).

Note b:

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, when aggregated with the Manager Fee Units to be issued with 12 months of the issue, 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. During 2016, 64,879,000 units were issued and the outstanding deferred units at 31 December 2016 was 668,401,000 units (31 December 2015: 733,280,000 units).

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

- (a) Reconciliation of profit before income tax and transactions with unitholders to cash generated from operations:

	2016 RMB' 000	2015 RMB' 000
Profit before income tax and transactions with unitholders	997,327	1,000,716
Adjustments for:		
– Depreciation expenses	107,593	102,515
– Amortisation of land use right	49,285	49,285
– Amortisation of transaction costs for bank borrowings	24,027	21,969
– Foreign exchange losses on financing activities	544,074	375,543
– Fair value gain on investment properties	(952,422)	(1,074,920)
– Fair value gain on derivative financial instruments	(74,626)	—
– Fair value loss on top-up payment asset	15,194	33,153
– Interest income	(26,243)	(44,963)
– Interest income from top-up payment asset	—	(4,849)
– Interest expenses	355,004	332,567
Changes in working capital:		
– Deferred assets	(32,501)	(7,633)
– Inventories	(96)	197
– Trade receivables	(1,697)	(1,604)
– Amounts due from related parties	160,821	239,683
– Prepayments, deposits and other receivables	1,333	(1,935)
– Trade payables	2,182	(1,424)
– Rental deposits	16,783	18,361
– Receipts in advance	(6,086)	(4,889)
– Accruals and other payables	(5,565)	(137,857)
– Amounts due to related parties	8,515	5,555
Cash generated from operations	1,182,902	899,470

- (b) Major non-cash transaction:

During the year ended 31 December 2016, 28,014,000 units (2015: 29,091,000 units) amounting to RMB105,661,000 (2015: RMB100,754,000) were issued for payment of manager's fee.

30 BUSINESS COMBINATIONS

On 31 July 2015, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with Century Holding Company Ltd, an independent third party, to acquire Bestget Enterprises Limited and its subsidiary, Shanghai Hong Jia Real Estate Development Co., Ltd. (hereafter collectively referred to as "Bestget Group"). The Bestget Group holds 100% interest in Shanghai Hongjia Tower. The transaction was completed on 31 August 2015.

The revenue included in the consolidated statement of comprehensive income since 31 August 2015 to 31 December 2015 contributed by Bestget Group was RMB42,977,000. Bestget Group also contributed profit of RMB59,330,000 over the same period.

Had Bestget Group been consolidated from 1 January 2015 to 31 December 2015, the consolidated statement of comprehensive income would show pro-forma revenue of RMB1,794,283,000 and loss after income tax and transaction with unitholders of RMB742,537,000.

The following table summarises the consideration paid for Bestget Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2015 RMB' 000
Purchase consideration	
At 31 August 2015	
– Cash	2,430,963
Total consideration	2,430,963
Fair values of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	57,261
Property, plant and equipment (Note 13)	15
Investment properties (Note 15)	2,770,000
Deferred asset (Note 17)	4,109
Prepayment and other receivables	9,604
Bank borrowings	(300,000)
Receipts in advance	(9,262)
Rental deposits	(40,188)
Accrual and other payables	(4,486)
Tax payables	(973)
Deferred tax liabilities (Note 24)	(719,252)
Total identifiable net assets	1,766,828
Goodwill (Note 18)	664,135

30 BUSINESS COMBINATIONS (continued)

The goodwill from the acquisition was calculated based on the total consideration less the fair value of total identifiable net assets acquired. As a result of the acquisition, the Group expanded its footprint beyond Guangzhou and diversified its property portfolio. It also benefits through economies of scale. None of the goodwill recognised is expected to be deductible for income tax purposes.

	2015 RMB' 000
Cash outflow to acquire business, net of cash acquired:	
Purchase consideration	(2,430,963)
Cash and cash equivalents in the subsidiary acquired	57,261
Cash outflow on acquisition	(2,373,702)

Acquisition-related costs of RMB84,896,000 have been charged to operating expenses in the consolidated statement of comprehensive income for the year ended 31 December 2015.

31 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2016, the Group was significantly influenced by Yuexiu Property Company Limited (incorporated in Hong Kong), which owns approximately 39% (2015: 37%) of Yuexiu REIT's units. The remaining 61% (2015: 63%) of the units are widely held.

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2016:

Connected/related companies	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 ("GZAM") ¹	A subsidiary of YXP
Guangzhou Yicheng Property Management Limited ("Yicheng") ¹	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV") ¹	A subsidiary of YXP
Guangzhou Baima Business Operation Management Co. Ltd. (previously known as Guangzhou White Horse Property Management Co., Ltd). ("Baima BM") 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 ("Yue Xiu") ¹	A major shareholder of YXP

31 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
廣州越秀企業集團有限公司	A subsidiary of GZYX
Guangzhou City Construction and Development Group Co., Ltd. ¹	A subsidiary of GZYX
Golden Eagle Asset Management Co. Ltd. ("Golden Eagle") ^{1,2}	A subsidiary of GZYX
Guangzhou Grandcity Development Ltd. ¹	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL") ¹	A subsidiary of YXP
廣州市祥港房地產開發有限公司 ¹	A subsidiary of YXP
廣州市宏錦房地產開發有限公司 ¹	A subsidiary of YXP
廣州東耀房地產開發有限公司 ¹	A subsidiary of YXP
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. ("Guang Zheng") ^{1,2}	A subsidiary of GZYX
Guangzhou Suiqiao Development Co., Ltd ("Suiqiao") ¹	A subsidiary of GZYX
Guangzhou Securities Company Limited ^{1,2}	A subsidiary of GZYX
Guangzhou Futures Co. Ltd. ^{1,2}	A subsidiary of GZYX
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. ^{1,2}	A subsidiary of GZYX
Guangzhou Yuexiu Financial Leasing Co., Ltd. ^{1,2}	A subsidiary of GZYX
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ^{1,2}	A subsidiary of GZYX
Guangzhou Yue Tong Expressway Operations and Management Company Limited ¹	A subsidiary of GZYX
廣州越秀小額貸款有限公司 ^{1,2}	A subsidiary of GZYX
Beijing Jones Lang LaSalle Property Management Services Company Limited Guangzhou Branch("Beijing JLL") ¹	A subsidiary of GZYX
Guangzhou Yue Peng Information Ltd. ¹	A subsidiary of GZYX
Yuexiu (China) Transport Infrastructure Investment Company Limited ¹	A subsidiary of GZYX
Chong Hing Bank Limited Guangzhou Tianhe Sub-Branch (previously known as Chong Hing Bank Ltd. Guangzhou Sub-branch) ("Chong Hing Guangzhou") ¹	A subsidiary of GZYX

31 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") ¹	A subsidiary of GZYX
Guangzhou Paper Group Ltd. ¹	A subsidiary of GZYX
Guangzhou Building Materials Enterprise Group Co. Ltd. ¹	A subsidiary of GZYX
Guang Zhou Titanium Dioxide Factory ¹	A subsidiary of GZYX
HSBC Institutional Trust Services (Asia) Limited (the "Trustee")	The Trustee of Yuexiu REIT
Vigers Appraisal and Consulting Limited (the "Incumbent Valuer")	The current 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 companies are also considered as related companies of the Group, transactions and balances carried out with these related companies are disclosed in notes (a) and (b) below.

² These connected companies ceased to be related companies of the Group from 1 May 2016.

31 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The following transactions and balances were carried out with connected companies and related companies:

(a) Transactions with connected/related companies

	2016 RMB' 000	2015 RMB' 000
Manager's fee paid/payable to the Manager (ii)	(129,907)	(139,555)
Management fee paid/payable to Yicheng	(10,455)	(10,406)
Management fee paid/payable to Baima BM	(12,035)	(12,206)
Management fee paid/payable to GZAM	(18,487)	(14,861)
Rental income received/receivable from Xingye	5,241	5,509
Rental income received/receivable from Yicheng	4,216	2,552
Rental income received/receivable from GCCD	12,741	31,138
Rental income received/receivable from White Horse JV	1,263	1,200
Rental income received/receivable from Golden Eagle	835	4,550
Rental income received/receivable from 廣州越秀企業集團有限公司	32,402	32,142
Rental income received/receivable from Guangzhou Grandcity Development Ltd.	2,155	19,207
Rental income received/receivable from Guang Zheng	1,115	3,474
Rental income received/receivable from Suiqiao	603	622
Rental income received/receivable from Guangzhou Securities Company Limited	11,146	27,717
Rental income received/receivable from Guangzhou Futures Company Limited	993	—
Rental income received/receivable from Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	992	3,077
Rental income received/receivable from GZ JLL	14,612	14,480
Rental income received/receivable from Guangzhou Yuexiu Financial Leasing Co., Ltd.	2,177	6,322
Rental income received/receivable from GZAM	9,257	9,976
Rental income received/receivable from 廣州市祥港房地產開發有限公司	8,080	—

31 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related companies (continued)

	2016 RMB' 000	2015 RMB' 000
Rental income received/receivable from 廣州市宏錦房地產開發有限公司	17,968	—
Rental income received/receivable from 廣州東耀地產開發有限公司	2,227	—
Rental income received/receivable from Guangzhou Yuexiu Financial Holdings Group Co., Ltd	3,025	8,097
Rental income received/receivable from Guangzhou Yue Tong Expressway Operations and Management Company Limited	784	808
Rental income received/receivable from Guangzhou Yue Peng Information Ltd.	801	825
Rental income received/receivable from Yuexiu (China) Transport Infrastructure Investment Company Limited	8,483	6,969
Rental income received/receivable from 廣州越秀小額貸款有限公司	220	664
Rental income received/receivable from Beijing JLL	886	1,248
Rental income received/receivable from Chong Hing Shanghai	304	—
Rental income received/receivable from Chong Hing Guangzhou	2,916	3,807
Rental income received/receivable from Guangzhou Paper Group Ltd.	278	288
Rental income received/receivable from Guangzhou Building Materials Enterprise Group Co. Ltd.	278	288
Rental income received/receivable from Guang Zhou Titanium Dioxide Factory	278	288
Interest income received/receivable from GCCD	15,798	30,327
Trustee's fee paid/payable to the Trustee	(9,186)	(8,476)
Valuation fee paid/payable to the Valuer	(1,000)	(1,118)
Transactions with the HSBC Group		
– Interest expense paid/payable to the the HSBC Group	(6,007)	(7,025)
– Interest income received/receivable from the HSBC Group	1	—
Transactions with Chong Hing Guangzhou		
– Interest expense paid/payable to Chong Hing Guangzhou	(2,812)	—

Note:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreements 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, a service fee of 3% per annum of net property income and a transaction fee of 1% of the consideration for the acquisition of any real estate, as defined in the Trust Deed (Note 8).

31 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies

	2016 RMB' 000	2015 RMB' 000
Amount due from GCCD (i)	131,351	292,172
Amount due to Yicheng	(1,087)	(1,927)
Amount due to Baima BM	(1,100)	(1,037)
Amount due to the Manager	(69,580)	(60,426)
Amount due to GZAM	(1,674)	(1,536)
Amount due to Guangzhou City Construction and Development Group Co., Ltd.	(10,000)	(10,000)
Bank borrowing from Chong Hing Guangzhou	(400,000)	—
Rental deposits from related companies (ii)	(20,875)	(33,201)

Except for an amount due from GCCD of approximately RMB 125 million (2015: RMB278 million) which is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable, all other balances with related companies are unsecured, interest-free, repayable on demand and a reasonable approximation 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:

- (i) Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction costs 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 of RMB131 million (2015: RMB292 million) 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.
- (ii) Rental deposits from related companies are included as rental deposits in the consolidated balance sheet.

(c) Key management compensation

There was no key management compensation for the year ended 31 December 2016 (2015: nil).

32 CAPITAL COMMITMENTS

	2016 RMB' 000	2015 RMB' 000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	31,258	45,937

33 FUTURE MINIMUM RENTAL RECEIVABLE

The future minimum rental receivable under non-cancellable operating leases are as follows:

	2016	2015
	RMB' 000	RMB' 000
Within one year	1,179,765	1,053,541
Between one year and five years	1,623,765	1,736,437
Over five years	183,953	241,282
	2,987,483	3,031,260

PERFORMANCE TABLE

AS AT 31 DECEMBER 2016

	2016	2015	2014	2013	2012
Net assets attributable to unitholders (RMB)	13,534,400,000	13,400,472,000	13,141,954,000	12,669,468,000	12,524,083,000
Net asset attributable to unitholders per unit (including net assets attributable to deferred unitholder) (RMB)	4.63	4.74	4.69	4.58	4.57
(Equivalent to HK\$)	5.18	5.66	5.95	5.83	5.63
The highest premium of the traded price to net asset value (HK\$)	N/A⁽ⁱ⁾	N/A ⁽ⁱ⁾	N/A	N/A	N/A
The highest discount of the traded price to net asset value (HK\$)	1.36⁽ⁱ⁾	1.79 ⁽ⁱ⁾	2.36	2.15	2.27
Net yield per unit	6.83%⁽ⁱⁱ⁾	7.68% ⁽ⁱⁱ⁾	10.76%	6.39%	16.04%
Number of units in issue (units)	2,921,780,484	2,828,887,374	2,799,795,685	2,766,698,330	2,743,209,741

Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$5.16 (2015: HK\$4.57) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2016. The highest discount is calculated based on the lowest traded price of HK\$3.82 (2015: HK\$3.87) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2016.
- (ii) Net yield per unit is calculated based on profit after tax before transactions with unitholders per unit for the year ended 31 December 2016 over the closing price of HK\$4.09 (2015: HK\$4.16) as at 31 December 2016.

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				
	2016 RMB' 000	2015 RMB' 000	2014 RMB' 000	2013 RMB' 000	2012 RMB' 000
Results					
Profit after tax before transactions with Unitholders	712,144	740,683	927,967	524,067	687,802
As at 31 December					
	2016 RMB' 000	2015 RMB' 000	2014 RMB' 000	2013 RMB' 000	2012 RMB' 000
Assets and Liabilities					
Total assets	30,621,275	29,335,052	25,362,604	24,549,540	24,874,112
Total Liabilities, other than net assets attributable to Unitholders	16,986,891	15,841,936	12,133,950	11,796,772	12,267,410
Net assets attributable to Unitholders	13,534,400	13,400,472	13,141,954	12,669,468	12,524,083

CORPORATE AND INVESTOR RELATIONS INFORMATION

BOARD OF DIRECTORS OF THE MANAGER

Executive directors

Mr. Lin Deliang

Mr. Cheng Jiuzhou (appointed on 11 October 2016)

Non-executive director

Mr. Lin Zhaoyuan (appointed as Chairman on 1 April 2016)

Mr. Li Feng

INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr. Chan Chi On, Derek

Mr. Chan Chi Fai, Brian

Mr. Cheung Yuk Tong

Mr. Chen Xiaou (appointed on 11 October 2016)

RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Lin Deliang

Mr. Cheng Jiuzhou

Mr. Kwan Chi Fai

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

Vigers Appraisal and Consulting Limited

HONG KONG LEGAL ADVISER

Baker & McKenzie

PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited

China Everbright Bank Co. Ltd, Hong Kong Branch

DBS Bank Ltd., Hong Kong Branch

Industrial and Commercial Bank of China (Asia) Limited

Malayan Banking Berhad Group

OCBC Wing Hang Bank Limited

Standard Chartered Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking Corporation Limited

Wing Lung Bank Co Ltd

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

Level 22, Hopewell Centre

183 Queen's Road East, Hong Kong

LISTING EXCHANGE

UNITS:

The Stock Exchange of Hong Kong Limited-00405

BOND:

The Stock Exchange of Hong Kong Limited

US\$350,000,000 3.10 per cent. Notes due 2018

(Stock code: 05943)

INVESTOR RELATIONS

For further information about

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Manager



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