



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 Futures Ordinance <chapter 571 of the Laws of Hong Kong>

Stock Code : 00405



WUHAN

HANGZHOU

SHANGHAI

GUANGZHOU

VISION FOR
A STEADY FORTUNE

Environmental, Social and
Governance Report 2018

CONTENTS



GUANGZHOU



HANGZHOU



SHANGHAI



WUHAN





4 About Yuexiu Real Estate Investment Trust

5 About this Report

6 Chairman's Message

8 Overview of Development in 2018

10 Principles of Sustainable Development

Structure of Sustainability Governance
Identification and Communication with Stakeholders
Material Issues and List
Anti-corruption and Sound Governance

18 Integrated Development with the Environment

Green Management
Green Operation
Green Promotion

31 Win-Win Cooperation with Partners

Excellent Service
Customer Service
Privacy Protection
Complaint Handling
Service Upgrade
Responsible Supply Chain

49 Mutual Growth with Employees

Employee Rights and Interests
Employee Training
Occupational Health and Safety
Employee Care

59 Coexistence and Prosperity with the Society

Targeted Poverty Alleviation
Community Contribution
Environmental protection
Care for the society

64 ESG Performance Summary

Policy List
Performance List

72 Environmental, Social and Governance Reporting Guide Index

78 Feedback Form



ABOUT YUEXIU REAL ESTATE INVESTMENT TRUST

Yuexiu Real Estate Investment Trust (“Yuexiu REIT”, 00405.HK) was listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 21 December 2005, and it 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”).

Yuexiu REIT focuses on commercial properties such as offices, retail properties, hotels and apartments, etc. to generate considerable rental income, and we achieve stable revenue growth through the acquisition of new properties and enhancing operations of existing properties.

As of 31 December 2018, The property portfolio of Yuexiu REIT comprises eight high quality 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”), Guangzhou International Finance Center (“GZIFC”) in Guangzhou, Yue Xiu Tower in Shanghai (“Yue Xiu Tower”), Wuhan Properties in Wuhan (including Wuhan Yuexiu Fortune Center, Starry Victory Shopping Center, with a certain amount of commercial parking spaces), and Hangzhou Victory Plaza Units (“Hangzhou Victory”) with a certain amount of commercial parking spaces. The total area under the property right of Yuexiu REIT is around 969,488.8m².

At the end of 2018, Yuexiu REIT sold Yue Xiu Neo Metropolis Plaza Units (“Neo Metropolis”) and purchased Hangzhou Victory Plaza Units and 315 underground parking spaces, marking the official entry to Hangzhou, effectively implementing the development strategy of “balanced inflow and outflow” and optimizing property combination and market layout.

Yuexiu REIT Asset Management Limited serves as the manager of Yuexiu REIT. With extensive professional and practical experience in real estate investment, asset management and capital management, Yuexiu REIT Asset Management Limited brings long-term and steady flow of investment income to the unit-holders of Yuexiu REIT through actively managing its assets and expanding its operations. While the real estate investment trust market is flourishing, the Manager is committed to becoming a professional asset management institution with a focus on the commercial property market, continuing asset appreciation capability, commercial operation capability, capital management capability and a leading position in the industry.

The manager understands that board diversity is significantly meaningful for the enhancement of corporate governance, and strives to ensure the diversity and appropriation of the board members’ background and expertise. Therefore, when selecting candidates for membership, the board will comprehensively consider a variety of factors including (but not limited to) age, gender, culture, professional background, educational background, industry experience and length of service (as a board member), and always adhere to the principle of meritocracy. The managers maintains proper balance and diversity while ensuring the effective operation of the company. The manager sets board diversity policy in the Compliance Manual in accordance with The Principles of Corporate Governance, and annually reviews the composition of the board. In 2018, the personnel composition, size and structure of the manager board meet the needs of Yuexiu REIT’s business operations. The board have rich experience and knowledge, and have devoted enough time and effort to performing their duties, leading Yuexiu REIT move forward steadily.



BRIEF INTRODUCTION TO THE BOARD:

| Name | Post |
|----------------------------|--|
| Mr. LIN Zhaoyuan | Chairman & non-executive director (resigned on 14 August 2018) |
| Mr. LIN Deliang | Chairman, executive director & CEO (appointed as the Chairman on 14 August 2018) |
| Mr. CHENG Jiuzhou | Executive director & vice CEO |
| Mr. LI Feng | Non-executive director |
| Mr. LIANG Danqing | Non-executive director (appointed on 14 August 2018) |
| Mr. CHAN Chi On | Independent non-executive director |
| Mr. CHAN Chi Fai | Independent non-executive director |
| Mr. CHEUNG Yuk Tong | Independent non-executive director |
| Mr. CHEN Xiaouu | Independent non-executive director |

STRUCTURE OF THE BOARD:

THE TYPE OF COMPANIES DIRECTORS



AGE



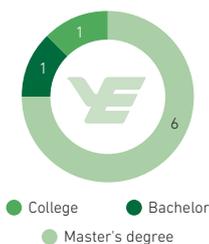
GENDER



PROFESSIONAL BACKGROUND



EDUCATION BACKGROUND



THE YEAR OF BEING COMPANY DIRECTOR



THE NUMBER OF COMPANIES SERVED AS DIRECTORS OF LISTED COMPANIES



ABOUT YUEXIU REAL ESTATE INVESTMENT TRUST

Moreover, the staff of the leasing agents are also seasoned professionals who are dedicated to the market for many years and equipped with extensive experience in commercial property leasing, marketing and leasing management in the PRC.

To maintain a good business momentum, stabilize existing and introduce new quality customers, the Manager conducts planned renovation of part of our properties to maintain and improve the values of such properties, so as to maximize leasing revenue and protect the rights and interests of our investors.



01. Guangzhou Victory Plaza celebrated the opening soon after the Spring Festival holiday
02. Property management personnel in Wuhan Yuexiu Fortune Center
03. Property management training in Hangzhou Victory
04. Property management personnel in GZIFC
05. Management service center staff in Shanghai Yue Xiu Tower



OVERVIEW

This report is the third independent Environmental, Social and Governance (“ESG”) Report of Yuexiu Real Estate Investment Trust. It focuses on the disclosure of the Company’s philosophy, significant measures and efficiency of ESG aspects in 2018, based on the principles of materiality, quantitative, balance and consistency. The annual update on the sustainable development performance of the Company under the four major issues of the Yuexiu REIT in 2018 (Environment, Economy/Market, Employment and Community) has been provided in this Report.

BASIS OF PREPARATION

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “ESG Guide”).

The contents included in this report are determined through a set of systematic procedures. The preparation of this report involves identifying key stakeholders, identifying and prioritizing material ESG related issues, determining the boundary of the ESG report, collecting relevant materials and data, compiling and reviewing data.

SCOPE AND BOUNDARY OF THE REPORT

The Report covers the whole property portfolio of Yuexiu Real Estate Investment Trust in 2018. Compared to the portfolio in 2017, the Neo Metropolis was sold on 21 December 2018, and the Hangzhou Victory was bought on 28 December 2018. Considering the actual management conditions of 2018 and guided by the ESG reporting principle of Materiality, this report covers the Neo Metropolis and doesn’t cover the Hangzhou Victory in the aspects concerning management conditions and related KPIs.

EXPLANATION FOR ABBREVIATIONS

To facilitate the preparation and reviewing of this Report, “Yuexiu REIT” and “the Trust” mean “Yuexiu Real Estate Investment Trust”; “Manager” means “Yuexiu REIT Asset Management Limited”, which is responsible for managing Yuexiu REIT in accordance with the trust deed as the Manager of Yuexiu REIT. Therefore, in this Report, both “the Company” and “we” indicate “Yuexiu Real Estate Investment Trust” and “Yuexiu REIT Asset Management Limited”.

DATA SOURCES AND RELIABILITY STATEMENTS

All the data used in this report is obtained from the Manager, the Trust and holding companies under it, and has been reviewed by the board of directors.

CONFIRMATION AND APPROVAL

This report was reviewed and confirmed by the ESG Leading Group of the Company and approved by the board of directors.

AVAILABILITY OF AND RESPONSE TO THE REPORT

The electronic version of this report is available at the following website: www.yuexiureit.com.

If you have any advice or suggestion on the ESG performance of the Company, please email to yxft.ir@yuexiureit.com, or call (852)3607 1886.



CHAIRMAN'S MESSAGE



LIN DELIANG
Chairman

In 2018, Yuexiu REIT maintained a steady progress in business development. The total revenue increased by 9.60% and the net income from the properties increased by 11.76% from those of last year, obtaining a satisfactory result. We continued the positive and prudent investment strategies and the optimization of our property portfolio. In the second half of 2018, we successfully sold the Neo Metropolis and bought the Hangzhou Victory Business Center, marking our entry to another domestic city of trillion-level GDP after Wuhan – Hangzhou. In 2018, the overall occupancy rate of REIT properties was 90.8%, and market value of our property portfolio was around RMB33.97 billion.



As a pioneer of the REITs in Mainland China, Yuexiu REIT was very pleased to see that its double platform interaction of property and finance, and the unique business model of integrated operation of commerce, capital and property had gained market recognition throughout the years, which also boosted our confidence in the future development of the Company.

While witnessing good performance in business, we also developed a more mature ESG management system. Since the release of the first ESG Report in 2016, we have been contemplating the relations between the sustainability factors and our business development from the perspectives of listing rules, overall social development and environmental trend. We realized that the sustainability of Yuexiu REIT relies on the interaction of products with the society and the environment. The demand of space from the society guided our business layout, the change of environment and climate raised new standards for our green construction; in the meantime, our management and operation were also influencing the society and the environment in return, reflecting on the smiling faces of our customers and employees, and the safety of our buildings in severe weather conditions. To safeguard these are our responsibilities, and the driving force of our sustainable development in the modern times.

Yuexiu REIT is still growing and learning. From its establishment and listing in 2005, to the takeover of the GZIFC in 2012, and the expansion of businesses to Wuhan and Hangzhou, we have created our own developing path of commercial properties – “commercial operation as foundation and financing as solution”. We hope to set example as a pioneer for the development of the domestic real estate and REIT market. We also hope to lead the sustainable development of ourselves while promoting that of the society, the environment and the business ecosystem, achieving common prosperity.

Lin Deliang
Chairman

OVERVIEW OF DEVELOPMENT IN 2018

IMPORTANT HONORS:

- Main Board and Extraordinary Enterprise Award under “Hong Kong Outstanding Enterprise 2018” presented by *Economic Digest*
- Quamnet Excellent Investor Relations Award 2017 – Main Board Category presented by *Quamnet*
- Wuhan Yuexiu Fortune Center was awarded the 2018 Most Influential City Landmark Award (*fig 1*)
- GZIFC obtained the LEED V4 Platinum certification, becoming the first project in mainland China to have achieved such high recognition (*fig 2*)



fig 1



fig 2

ECONOMY/MARKET:

- At the end of 2018, Yuexiu REIT sold the Neo Metropolis for RMB1.178 billion, and purchased Hangzhou Victory Business Center Unit 2 and 315 underground parking spaces, marking the official entry to Hangzhou.
- As on 31 December 2018, the total operating revenue of Yuexiu REIT was RMB2.032 billion, increasing by 9.60%. The net income from the properties was RMB1.469 billion, increasing by 11.76%; and RMB0.2765 per unit of funds was distributed.





ENVIRONMENT:

- Wuhan Starry Victory Shopping Center recycled cooled water to maintain the interior temperature, saving 90,000 kWh of electricity consumption each year.
- The White Horse Building completed its LED light upgrading, saving 30,000 kWh of electricity consumption each year in lighting.
- The City Development Plaza carried out the energy conservation upgrading of central air-conditioners and podium air-conditioners, saving 390,000 kWh of electricity consumption each year.

HUMAN RESOURCES:

The total number of employees of Yuexiu REIT in 2018 was 805, of which 52% are female.

COMMUNITIES:

In 2018, the Company continued the targeted poverty alleviation actions in Chimi Village, donating computers, quilts and Chimi Primary School uniforms which worth a total value of RMB10,403.85.





PRINCIPLES OF SUSTAINABLE DEVELOPMENT

The Company firmly observes and practices the three sustainability principles:

WIN-WIN DEVELOPMENT



to provide customers with outstanding products and services; to provide harmonious working environment for employees; to provide constant and stable returns for shareholders; and to create higher economic value with the stakeholders;

INCLUSIVE DEVELOPMENT



engagement with the community; concern about livelihoods; care for the underprivileged; taking full advantage of our platforms and resources and sharing the values and achievements with society;

BEING GREEN



to conduct green property management; to operate in an energy-saving and environmentally friendly way; to research and develop energy-saving technologies; to strive to become the leading example of green operations within the industry and perseverance on green sustainable development.

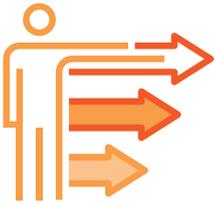


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PRINCIPLES OF SUSTAINABLE DEVELOPMENT

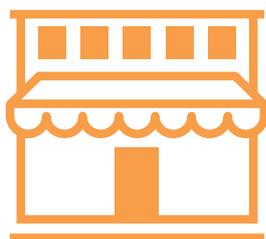
STRUCTURE OF SUSTAINABILITY GOVERNANCE

In 2018, the Company further strengthened its sustainability governance. As the highest governing body, the board of directors actively participated in the discussions on ESG risks and information disclosures. The management further learned the significance of ESG factors and compliance to business development and risk control. The departments and property management staff obtained deeper understanding of the Company's sustainability strategies with implementation down to the daily operation level.

| SUSTAINABILITY GOVERNANCE HIERARCHY | MEMBERS | DAILY DUTIES |
|---|--|--|
|   The Sustainability Leading Group | Mr. LIN Deliang, CEO of the Company, served as the Team Leader, and members included Mr. CHENG Jiuzhou, Deputy CEO, and Mr. KWAN Chi Fai, CFO | <ul style="list-style-type: none">• Formulate the Company's overall objectives and strategies for sustainable development• Deploy company resources to support sustainable development |
|   The Sustainability Working Group | Led by Internal Control Audit Department, heads of various departments are responsible for related work, with designated contact persons for communication | <ul style="list-style-type: none">• Conduct research on sustainable development management policies used in Yuexiu REIT• Evaluate and report on the current status of sustainable development• Plan medium and short-term sustainable development work programs• Oversee the progress of related work |
|   The Sustainability Practice Team of Properties | Counterpart staff of various properties responsible for environmental and social information | <ul style="list-style-type: none">• Carry out daily management and statistics of the corresponding environmental and social indicators of properties• Periodically report on corresponding indicators• Propose improvement suggestions for daily management |

PRINCIPLES OF SUSTAINABLE DEVELOPMENT

IDENTIFICATION AND COMMUNICATION WITH STAKEHOLDERS



• TENANTS:

Tenants who rent Yuexiu REIT offices and shopping malls

- Tenants' trust and satisfaction are the cornerstones of our ability to continuously improve our performance
- Their main concerns: Shopping mall / office location, internal environment, property service quality, safety facilities, property energy consumption, rental level, shopping mall traffic
- Our daily contact: Regular visits, satisfaction surveys, complaint hotlines, resident property management



• CUSTOMERS:

Customers who enjoy services in shopping malls, hotels, and apartments in properties of Yuexiu REIT

- Customers are direct users of our commercial properties and it is our responsibility to provide them a safe and comfortable environment
- Their main concerns: Property location, merchant portfolio, property environment, safety facilities, property transportation convenience
- Our daily contact: Complaint mail, regular inspection, complaint hotline, satisfaction survey



• EMPLOYEES:

There were 805 employees hired directly by the Company

- The continuous growth of outstanding employees is the key to our sustainable development
- Their concerns: Remuneration, development space, employee benefits, promotion policies, training system, corporate reputation, job intensity, internal communication channels
- Our daily communication: Direct communication, employee mailbox / hotline, training programs

PRINCIPLES OF SUSTAINABLE DEVELOPMENT



• **GOVERNMENT:**

Local government of the registration, listing and operation of Yuexiu REIT

- The support of the government is the focus of our ability to produce a wider range of economic and social positive impacts
- Their concerns: Complying with local laws and regulations, paying taxes according to law, promoting local economic growth and local employment, and producing positive social benefits
- Our daily communication: Regular visits, policy communication



• **UNIT-HOLDERS AND INVESTORS:**

Yuexiu REIT's existing unit-holders and potential investors

- The unit-holders of Yuexiu REIT provided the economic foundation for our development, Yuexiu REIT therefore was obliged to create satisfying expectations and sustainable economic returns for shareholders
- Their concerns: Share prices, dividends, financial conditions, business prospects, future development plans, governance, management selection and recruitment
- Our daily communication: Unit-holders' Meeting, financial information disclosure, investor hotline, mailbox, investor relations roadshow

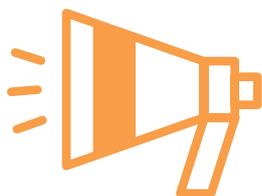


• **SUPPLIERS:**

Suppliers who provide devices and services required for routine operations for Yuexiu REIT

- The suppliers provide us high-quality products and services and are an important part of the operation of Yuexiu REIT, at the same time, they also need to abide by the supplier management system of Yuexiu REIT
- Their concerns: Procurement policies, supplier management system, fair trade, on-time delivery, timely payment, communication channels, and maintaining good partnerships
- Our daily communication: Supplier review, regular visits

PRINCIPLES OF SUSTAINABLE DEVELOPMENT



• MEDIA

The media who focuses on Yuexiu REIT and promotes our operating performance and service conditions

- The continual supervision by media can help the community understand the situation of Yuexiu REIT, and urge Yuexiu REIT to increase the transparency of its operations
- Their concerns: Social impacts, financial performance, future direction, awards obtained
- Our daily communication: Regular visits, event invitations, public opinion monitoring



• LOCAL COMMUNITIES:

The communities where Yuexiu REIT's properties are located

- The communities and local residents support our business growth, and our properties also provide living space for local residents
- Their concerns: The environmental impact of the properties, the recreational facilities provided in the properties, the traffic and opportunities brought by the properties for the local area
- Our daily communication: Public welfare activities, complaint hotline

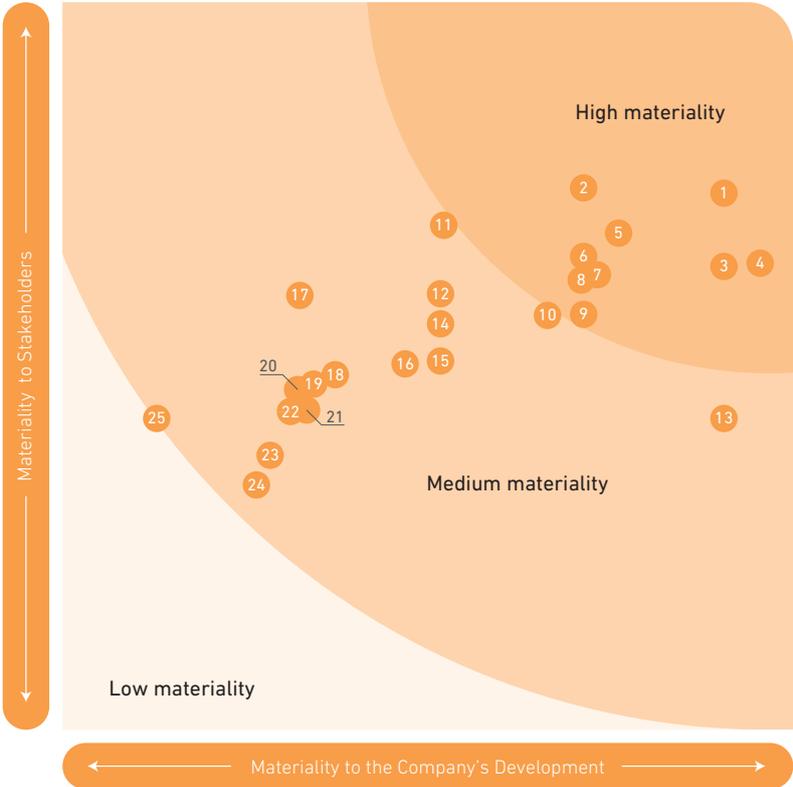
MATERIAL ISSUES AND LIST

In 2018, we updated our sustainability issues based on our business development and the features of the industry in the following assessment procedure:

- Update the ESG issue bank with 25 sustainability issues according to the business development direction of the Company, the development conditions of the industry, and the key concerns of the media and the capital market;
- Survey on stakeholder opinions of internal management, employees, tenants, suppliers, investors, other cooperation organization, etc;
- Optimize survey results through media concerns, industrial benchmarking, and group discussions to obtain an overall assessment result, and form the ESG materiality matrix and issue list as an important reference to ESG management and disclosure.

PRINCIPLES OF SUSTAINABLE DEVELOPMENT

YUEXIU REIT 2018 ESG MATERIAL MATRIX



List of Issues

Highly material issues

- 1 Anti-commercial bribery
- 2 Information security
- 3 Property safety and health
- 4 Talent attraction and retention
- 5 Employee safety and health
- 6 Labor standards
- 7 Employee remuneration and welfare
- 8 Value chain social responsibilities
- 9 Employee training and development
- 10 Anti-unfair competition
- 11 Customer complaint handling

Moderately material issues

- 12 Responsible marketing
- 13 Carbon emission management
- 14 Sustainable consumption
- 15 Energy management
- 16 Water resources management
- 17 Protection of intellectual property rights
- 18 Job creation
- 19 Waste management
- 20 Sewage discharge and treatment
- 21 Material efficiency
- 22 Public service
- 23 Industrial development
- 24 Green building
- 25 Biodiversity and use of land

PRINCIPLES OF SUSTAINABLE DEVELOPMENT

ANTI-CORRUPTION AND SOUND GOVERNANCE

Yuexiu REIT has fully complied with *the Company Law of the People's Republic of China* and the code provisions set out in the Corporate Governance Code set forth in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with emphasis on transparency, independence, accountability, responsibility and fairness. We have emphasized the "redlines" of integrity and anti-commercial bribery in *the Employee Manual of Yuexiu Real Estate Investment Trust*, and have set up rewarding and punishment mechanism for the investigation and handling of employees involved in commercial bribery. We have formulated anti-corruption regulations such as the *Administrative Rules on the Remuneration and Business Expenditure of the Management Team and Notice on Doing a Good Job of Checking and Resolving Unstable Problems* to ensure transparent assets, standardized management and reasonable spending.

The Company has established an internal supervision and management system, any issues with the management's tendency to bribery, corruption, malpractice, abuse of authority, abuse of power and other types of illegal, irregular or violating behaviors, or misconducts that may cause great losses to the Company's reputation or economy will be put under strict supervision and handled with impartiality. The board of directors also strictly review the corporate information issued by the Company, as well as internal corporate governance practices, staff and the board's code of conduct and other documents to ensure that the Company's corporate governance policies are in line with regional regulations, and conduct timely updates, so that the Company can always maintain a high level of corporate governance.

The Company will continue to improve its regulations and ensure compliance to business ethics on all levels, and build a corporate culture of integrity with precaution, monitoring and reward and punishment measures. We will severely deal with any commercial bribery case, and resort to legal measures to safeguard the overall interests of the Company and ensure the corporate culture of integrity.

We confirm that no commercial bribery cases were brought against the Company in 2018, and there were no legal proceedings as a result of commercial bribery from the Company or our employees.




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INTEGRATED DEVELOPMENT WITH THE ENVIRONMENT

A green environment lays the fundamental backdrop for Yuexiu REIT's sustainability. We integrate property operation and management with environmental protection, observe the guideline of green management, strictly comply with national and local laws and regulations on environmental protection, and establish internal policies to regulate and guide our holding properties. With a green operation philosophy, we are dedicated to minimizing the impact of operation on the environment, and implement energy conservation and emission reduction to the very detail of daily operation. We also organize promotional activities combining our businesses to promote the ideas of low-carbon development and green life to our tenants, customers and employees.

NATURAL GAS





INTEGRATED DEVELOPMENT WITH THE ENVIRONMENT

In the future, we will insist on green sustainable development and carry out the guidelines of “integrated development with the environment” into every aspect of operation.

GREEN MANAGEMENT

The Company strictly complies with national and local environmental management laws and regulations, and regulates the internal green management of the holding properties of the Company, actively fulfilling the corporate social responsibilities for environmental protection.

The Company strictly abides by the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, *Energy Conservation Law of the People's Republic of China*, *Construction Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Regulations of Guangdong Province on the Prevention and Control of Environmental Pollution by Solid Waste*, *Provisions on the Administration of Urban Construction Wastes*, *National Hazardous Waste Inventory* and other national and local laws and regulations, and regulates the internal green management of the holding properties of the Company, actively fulfilling the corporate social responsibilities for environmental protection.

Moreover, the Company has also formulated internal policies such as *Environmental Monitoring Process*, *Environmental Factors Identification and Evaluation Process*, *Environmental Protection Work Guidelines*, *Guidelines for Property Smoking Control Management* and Implementing Rules for Energy Consumption Management and other internal policies to carry out inspections on the environmental quality-reaching conditions of the properties of REIT.

Environmental pollutants, such as wastewater, exhaust gas, noise, and solid wastes generated during operation are identified and controlled, and appropriate handling measures of environmental risks are formed. In daily work, we prioritize the use of environmentally friendly materials to carry out activities related to environmental protection.

GREEN OPERATION

The Company strives for green building, conservative production, proper treatment of emissions, and a smoke-free environment, so as to reduce the environmental impact of operation. Our main concerns for green operation are the use of resources, the management of wastewater, exhaust gas and wastes in office buildings, shopping malls, and professional markets.

To implement green operation, the Company actively supports the technical upgrading of its properties each year to reduce carbon emission and enhance property efficiency. The Company guides and supervises the disposal and treatment of wastewater, exhaust gas and waste of its properties to ensure the environmental standards are met; we promote smoke-free building renovation and organized Smoke-free Day activities in its properties, improving air quality as well as customers' understanding of the significance of a smoke-free environment.



GREEN BUILDING

LEED PLATINUM CERTIFIED GREEN BUILDING - GZIFC



01. Green landscape of GZIFC
02. Air purification and new air system of GZIFC

LEED is the Green Building assessment standard of the U.S. Green Building Council, and the Platinum certification is the highest level of all LEED certification levels, which is hailed as the “Oscar Award” for the green building industry. Only 5% of the world’s construction projects receive this honor, so the certification is of extremely great value. GZIFC is the first LEED V4 Platinum certified super high-rise building for operation in mainland China.

GZIFC upheld the sustainable building philosophies of low consumption and high efficiency of energy since its planning stage, and implemented green landscape, energy conservation and green management throughout the life of the building. The international recognitions fully addressed GZIFC’s outstanding performance in energy conservation, environmental protection as well as sustainable development.

GREEN BUILDING CERTIFICATIONS

In 2018, the Fortune Plaza and the City Development Plaza of Yuexiu REIT both obtained the Sustainable Building Index Verified Mark issued by Guangzhou Tianhe CBD Administration Committee and Hong Kong Quality Assurance Agency. The Sustainable Building Index is composed of 24 indicators and 10 key assessment scopes including environmental protection, community care, user satisfaction and building value under the framework of the three bottom lines of environment, society and economy. Receiving the Sustainable Building Index Verified Mark again showcased wide social recognition of the green building measures of the Company, and we will further push forward the greenification of our properties.



WATER AND ELECTRICITY CONSERVATION

WATER CONSERVATION

| PROPERTY | MEASURES |
|---------------------------------------|--|
| Starry Victory Shopping Center | The main water consumption of the Project comes from cooling tower and washroom. The Project regularly inspects and tracks the water compensation volume of the cooling tower, and analyze the rationality to timely discover and handle water leakage; adjusts the water valve opening degree and check toilet water box to prevent unnecessary water consumption of the washrooms. |
| White Horse Building | The Project upgraded part of the sanitary wares in the public area to energy conservative ones, reinforced public area regular inspection, improved response rate to water leakage, and employed more enduring pipes to prevent water leakage. |

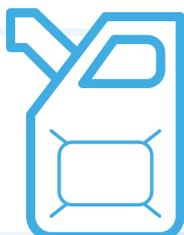
ELECTRICITY CONSERVATION

| PROPERTY | MEASURES |
|---------------------------------------|--|
| Starry Victory Shopping Center | The Project established an energy consumption control group to develop implementation plans to meet the energy conservation and consumption reduction performance indexes allocated by the Company; established the <i>Wuhan Commercial Project Equipment Operation Schedule</i> with strict compliance to minimize the equipment running time after ensuring normal operation and customer experience; upgraded the lighting fixtures to LED ones; turns off air-conditioning main units 30 minutes before mall-closing in air-conditioning seasons; and uses recycled cooled water to maintain mall temperature, saving electricity consumption up to 90,000 kWh annually. |
| White Horse Building | The Project established the <i>Energy Consumption Management Measures</i> and the Detailed Provisions on the Energy Consumption Management of the White Horse Building. It monitors the energy conditions according to the allocated indicators of the Company. In 2018, the Project conducted LED lighting upgrading of F5, F8 and B1 passages, saving electricity consumption up to 30,000 kWh annually. |
| City Development Plaza | The Project replaced its 20-year-old fans with energy conservative fans; upgraded all lighting fixtures of the washrooms and pantries in the typical floor public areas; carried out renovation on central air-conditioners and podium air-conditioners, and reinforced energy consumption statistics tracking, saving electricity consumption up to 390,000 kWh annually. |



2018 DATA OF ENERGY AND RESOURCES CONSUMPTION

DIESEL (L)¹



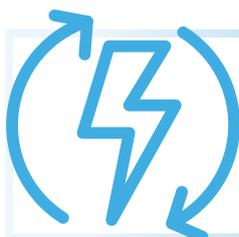
| | CONSUMPTION | INTENSITY (per RMB1 million revenue) |
|------|-------------|--------------------------------------|
| 2018 | 1,957.54 ▼ | 0.96 ▼ |
| 2017 | 2,378.00 | 1.28 |

NATURAL GAS (m³)²



| | CONSUMPTION | INTENSITY (per RMB1 million revenue) |
|------|--------------|--------------------------------------|
| 2018 | 361,626.65 ▲ | 177.97 ▲ |
| 2017 | 54,300.00 | 29.29 |

OUTSOURCE ELECTRICITY (Kwh)³



| | CONSUMPTION | INTENSITY (per RMB1 million revenue) |
|------|-----------------|--------------------------------------|
| 2018 | 69,668,029.30 ▼ | 34,285.45 ▼ |
| 2017 | 74,140,306.03 | 39,989.38 |

HOUSEHOLD WATER CONSUMPTION (m³)



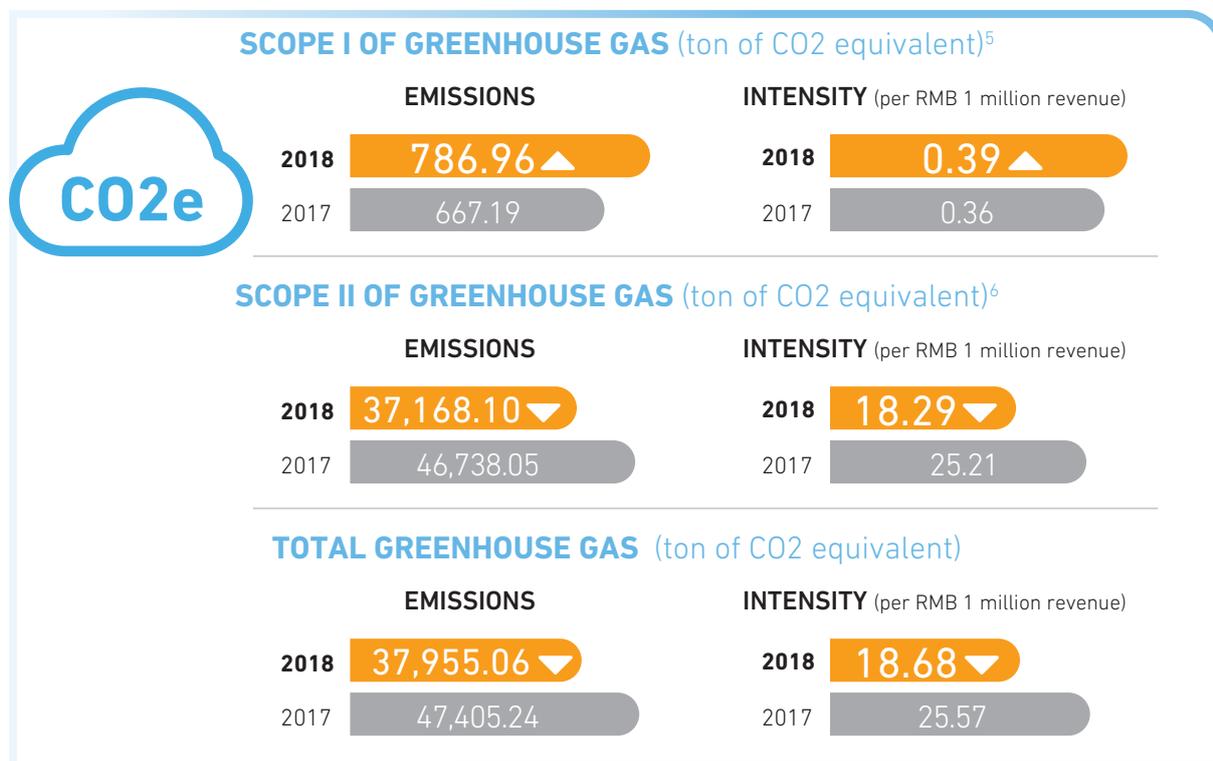
| | CONSUMPTION | INTENSITY (per RMB1 million revenue) |
|------|--------------|--------------------------------------|
| 2018 | 755,960.32 ▼ | 372.03 ▼ |
| 2017 | 952,431.30 | 513.72 |

¹ The scope of statistics for diesel consumption is the amount of diesel consumed by vehicles/generators owned by Yuexiu REIT.

² The scope of statistics for natural gas consumption is the natural gas consumed by the equipment owned by the properties Yuexiu REIT, which does not include natural gas consumed in shopping malls, restaurants and dining halls in the office buildings. The consumption of natural gas grew considerably in 2018 due to the consumption for winter heating of the Wuhan properties in 2018. The Wuhan properties purchased by Yuexiu REIT in late 2017 are located in Central China and usually burn natural gas for heating in winters.

³ The scope of statistics for power consumption is the power consumption of the non-rental/sales part of the properties of the Yuexiu REIT, including the power consumption of the public parts of the properties and the property management offices.

2018 DATA OF GREENHOUSE GAS⁴ EMISSIONS



⁴ The total greenhouse gas emission of Yuexiu REIT is limited to the direct/indirect carbon dioxide emissions generated from the energy consumption by the non-lease/sale portion of Yuexiu REIT's properties.

⁵ According to the ISO 14064 International Standard for GHG Emissions Inventories and Verification, Scope I of GHG emissions refers to the direct GHG emissions, and refers to emissions directly from the sources owned and controlled by the organization, such as emissions from vehicles owned by itself. The Wuhan properties are located in Central China and usually burn natural gas for heating in winters.

⁶ According to the ISO 14064 International Standard for GHG Emissions Inventories and Verification, Scope II of GHG emissions refers to indirect sources of energy, such as indirect GHG emissions from outsourced electricity.



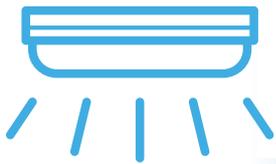
CASE

FOUR SEASONS HOTEL CALLS FOR RESOURCE CONSERVATION OF GUESTS

The Four Seasons hotel consumes many disposable items due to its business nature. To reduce unnecessary consumption and environmental pollution, the hotel has put on many reminder cards around the hotel space to promote reasonable use of disposable items among guests.

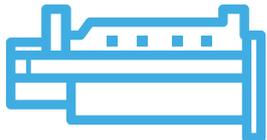


2018 DATA OF HAZARDOUS WASTES



WASTE FLUORESCENT TUBE (PIECE)

2018 3,642⁷ ▼ | 2017 10,460



WASTE PRINTER CARTRIDGE (PIECE)

2018 84 ▼ | 2017 121



WASTE INK BOX (PIECE)

2018 199 | 2017 Not Collected



PAINT BUCKET (KG)

2018 69 ▼ | 2017 94

⁷ The disposal of waste fluorescent tubes was significantly reduced in 2018 from 2017 due to the large scale of LED lighting upgrading of Yuexiu REIT's properties, which caused the relatively large disposal volume of waste fluorescent tubes in 2017.



2018 DATA OF NON-HAZARDOUS WASTES

OFFICE PAPPER (KG)



| | CONSUMPTION | INTENSITY (per RMB1 million revenue) |
|------|-------------|--------------------------------------|
| 2018 | 49,406.58 ▼ | 24.31 ▼ |
| 2017 | 49,813.17 | 26.87 |

BUILD SMOKE-FREE BUILDINGS

There are several old properties of Yuexiu REIT lacking smoking control measures in their earlier stages, which is causing gradual and significant impact on the interior air quality. Along with the increasing pressing demand of tenants for smoke-free buildings, the Company started to carry out smoke-free building renovation projects of its old properties.



CASE

GREEN OFFICE STARTS FROM NO-SMOKING - NO-TOBACCO DAY OF THE FORTUNE PLAZA

31 May 2018 was the World No-Tobacco Day. The Business Service Center of the Fortune Plaza organized activities to interact with customers and promote no-smoking.

The World No-Tobacco Day of 2018 not only advertised the harm of smoking, but also marked the comprehensive smoking ban of the Fortune Plaza from 1st June. On the World No-Tobacco Day, we officially announced our initiative to reduce smoking and build a quality office environment. Customers on the event actively handed out their cigarette boxes and signed on the pledge board to announce their support of our initiative and we also thanked them for their support with small gifts.





CASE

CITY DEVELOPMENT PLAZA SMOKE CONTROL MEASURES

BACKGROUND

The City Development Plaza is a building with multiple floors, huge population with a certain proportion of long-term smokers, and insufficient monitoring devices of fire staircases, making it a tough project for smoke control renovation.

MEASURES

1. Organize comprehensive inspections and kindly persuade people not to smoke in the building.
2. Cooperate with C-Store on the World No-Tobacco Day to attract customer buildings in no smoking activities. Customers can redeem a coupon worth RMB 2 with a cigarette or a lighter.
3. Provide ashtrays and smoking areas around the buildings and guide smokers to designated places outside the building for smoking.

SMOKE CONTROL EFFECTS

The stopping and guiding measures for smoke control of the City Development Plaza received good feedbacks. The cases of smoking inside the building were reduced, the no-smoking awareness of customers were improved, and the complaints about smoking were drastically reduced.



- 01. Smoke control staff in the building
- 02. Outdoor smoking area
- 03. World No-Tobacco Day



GREEN PROMOTION

In addition to actively practicing the concept of environmental protection in property operations, combining our business nature, we always remember to conduct green promotion and carry out energy-saving and emission-reduction promotion and education activities for our customers, tenants and employees.



CASE

CITY DEVELOPMENT PLAZA RECYCLES RED PACKETS

In March 2018, City Development Plaza Service Center set up "Red Packet Recycling Box" in the ground floor lobby to collect used red packets. The recycled red packets were classified based on color, size, conditions and whether were properly stored, and customers can get them free. Through recycling of red packets, City Development Plaza hoped to encourage customers and employees to practice environmental protection from the very details of daily life.



CASE

GZIFC ORGANIZES WILD LIFE PROTECTION SALON

On 18 April 2018, GZIFC partnered with WildAid, the Consulate General of the UK and Guangzhou Nature Association for a salon themed "Our Shared Home - the Earth" to discuss the protection of biodiversity before the Earth Day of the year.





CASE

THE VICTORY PLAZA HELD THE "IT'S TOO HOT!" ART EXHIBITION TO PROMOTE ENVIRONMENTAL PROTECTION

The Victory Plaza attaches great importance to environmental protection. During 2018 summer holidays, the plaza held the "It's Too Hot!" art exhibition to raise people's attention on climate change and people who work under heat. During the exhibition, customers were called on to provide solutions or ideas to address climate change, and their messages were redeemed for bottled waters for high temperature operation workers around.



THROUGHOUT THE EXHIBITION



COLLECTED
WATER DROPS
5,147



COLLECTED
MESSAGES
1,236



SENT
BOTTLED WATER
1,029



CASE

FOUR SEASONS HOTEL SUPPORTS THE "EARTH HOUR"

On 24 March 2018, Four Seasons Hotel turned down the lighting in its public area from 20:30-21:30 to support the "Earth Hour", and called on guests to turn off unnecessary lightings during the period to support the initiative.



CASE

GZIFC WORLD NO-TOBACCO DAY INITIATIVES

On 31 May 2018, GZIFC organizes activities for the World No-Tobacco Day, promoted the harm of smoking, called for people to give up smoking, and called on tobacco producers, distributors and the international society to jointly create a smoke-free environment for mankind.





WIN-WIN COOPERATION WITH PARTNERS

By upholding the business philosophy of ,

*“ PROFESSIONALISM,
STABILITY, EXCELLENCE AND
WIN-WIN STRATEGY ”*

we have been adhering to the supply chain management strategy of improving service quality and win-win cooperation, and being committed to creating sustainable value for customers, partners, and industry peers to achieve a win-win situation.





WIN-WIN COOPERATION WITH PARTNERS

EXCELLENT SERVICE

Yuexiu REIT's main properties are commercial properties, which makes it a basic and core social responsibility to provide high-quality service for customers. We have been constantly prioritizing customers' rights and interests and taking improvement in customer satisfaction and trust as our goal. We consider the provision of quality service and a comfortable environment as our highest priority. We are also committed to offering high-quality and high-standard service to customers.

CUSTOMER SERVICE

Yuexiu REIT has a diverse property portfolio including the clothes professional market, commercial office buildings, retails, hotels and service apartment. The Company has perfect internal policies for customer service, as well as a high-quality customer service system, striving to create the best quality service experience for customers. We regularly conduct customer satisfaction surveys and investigations on customer needs as references to further optimize customer experience and service standards.

COMPLETE CUSTOMER SERVICE SYSTEM

Yuexiu REIT has established customer service-related policies such as the *Yuexiu REIT Customer Resource Management Operational Guidelines*, we are committed to building a good cooperative relationship with customers, constantly improving the pertinence and efficiency of the investment promotion work to ensure that the customer follow-up, negotiation and contract signing are conducted in a procedural and standardized manner. In addition, the Company has established the *Yuexiu REIT Tenancy Relationship Management Operational Guidelines* to strengthen the tenancy relationship management of Yuexiu REIT, improve the level of our tenancy relationship management, enhance tenants' satisfaction and loyalty, optimize the tenant portfolio of properties and enhance the core competitiveness of properties.

The White Horse Building has established the *Management System for Visits to Members of the Guangzhou Baima Chamber of Commerce* to improve the visiting management system, and regulated the membership distribution, visit frequency and contents to better understand member demands and share with members the latest operation conditions, and promote the rights and interests of the members.

QUALITY SERVICE EXPERIENCE

The Company is dedicated to providing the best quality services for customers by organizing diverse and rich community cultural events and providing considerate services. In 2018, we continued to employ third-party organization to conduct customer satisfaction survey. The overall customer satisfaction rating of Yuexiu REIT in 2018 was 97 points.



CASE

WUHAN YUEXIU FORTUNE CENTER PROVIDES PREGNANT EMPLOYEES WITH SPECIAL WORKING SPACE

In 2018, the tenant of F21 of Wuhan Yuexiu Fortune Center conducted furnishing of the office for its staff, all using eco-friendly materials as required by the property, and employed third-party company for formaldehyde elimination to ensure the air quality. Before staff move-in, our property service staff discovered that there were several pregnant employees, who are more sensitive to environmental factors than normal employees in the tenant's company, and specifically provided them with 10 working spaces on F22 to ensure their safety and health.



F22 provided pregnant employees **10 WORKING SPACES**



F21 are using **ECO-FRIENDLY MATERIALS**



CASE

ASCOTT THE RESIDENCE SPRING TRIP

On 21 April 2018, Ascott Serviced Apartment (Ascott The Residence) brought its guests to Baomo Garden, a famous traditional traditional Lingnan garden for a spring trip. The guests spent a wonderful day with their families enjoying the fresh air and escaping from the city for a day. They also learned about the traditional Chinese culture and the wisdom in Lingnan architecture.





WIN-WIN COOPERATION WITH PARTNERS



CASE

SHANGHAI YUE XIU TOWER AFTERNOON CONCERT

At noon of 4th June 2018, a public concert themed "Listen to The Wind" was held in the lobby of Shanghai Yue Xiu Tower. Accordionist Tang Yiwen and violinist Zhang Yiying were invited to perform for the tenants of the building. The audience enjoyed the music and their working pressure and the summer heat were relieved.



CASE

GZIFC M SPACE ACTIVITIES

The M Space in GZIFC is an open shared platform for arts and aesthetics cultivated by the Company, with regular art exhibitions, salons, lectures and public service activities, providing a platform for leisure and recharging of employees in the building. The activities held in the M Space in 2018 included lecture on oral diseases prevention, flower art salon, match-making event co-organized with zhenai.com, etc.



PROPERTY SAFETY AND HEALTH

Insuring property safety and health is one of the key tasks of the Company. While reinforcing the property safety of its own, the Company also organizes regular activities each year at its properties to improve the safety awareness and capability of tenants. Such activities include fire protection training, fire drill, "Safe Production Month", safety fun sports meeting, etc.

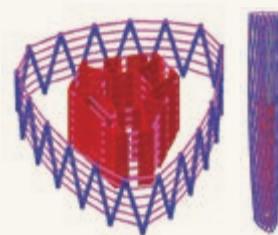
To better identify safety risks and promote safety concepts, Guangzhou Yicheng Property Management Co., Ltd. suggested each tenant to have a "safety ambassador" under the guidance of Yuexiu REIT to work closely with the property service staff in safety identification and handling, countering measure and plan development, safety drill and training organization.



CASE

GZIFC WIND-PROOF AND SEISMIC STRUCTURE

Wind-proof and seismic designs are essential to GZIFC as a super high-rise building. The main tower employs a double-core system of a giant steel tube reinforced concrete diagonal grid outer core and a reinforced concrete inner core, and a structural system of giant steel tube reinforced concrete diagonal grid outer core and shear wall. The building looks like transparent crystal, and can resist Grade 8 earthquake, setting a new international standard for super high-rise building structure.



CASE

WHITE HORSE BUILDING MICRO-FIRE STATION

The White Horse Building micro-fire station is a key fire working organization equipped with the whole security team of the White Horse Building and necessary fire equipment with the mission to “rescue at early stage, extinguish small fires, and reach the fire scene within 3 minutes”. The captain of the station is the security team leader, and the 4 fire division leaders are the 4 leaders of the security units. The office worker serves as the correspondent, and the security personnel and monitoring staff are the volunteer members. During festivals, holidays and night times, at least 7 members are put on duty in case of emergency.

The micro-fire station is at the west passage on B1 of the building, maintained by specialized staff from the security team. The station is equipped with 11 sets of fire extinguishers, 21 fire water guns, 21 fire hoses, 15 fire helmets, 24 fire protection uniforms, 8 pairs of fire protection shoes, 20 gas masks, 8 respirators, and 3 fire safety ropes.





CASE

THE NEO METROPOLIS ORGANIZES THE 2018 SAFETY AMBASSADOR TRAINING

At 3pm 14 June 2018, the Neo Metropolis Business Service Center organized a fire safety training on 65 "Safety Ambassadors" of the building as a part of the Fire Safety Month activities.

With a kick-off promotional video, the training officially began. The "ambassadors" paid close attention to learning fire protection knowledge and skills. To combine theory with practical application, the organizer held simulations of safety risks discovered in the last few months and let the ambassadors experience the work of a safety risk inspector.

The training aimed to promote fire safety and strengthen the safety awareness of new and old customers in the building, especially the "Safety Ambassadors", reminding them of the top priority of human life and the importance of safe development.



CASE

FORTUNE PLAZA ORGANIZES FIRE DRILL OF THE FIRST HALF OF 2018

At 3pm 26 June 2018, the Fortune Plaza held a fire drill simulating the situation where a fire hazard happens on F17 of the east tower. As the drill commander gave the order, the participating teams started their fire rescue working an orderly manner. The fire extinguishing team immediately brought equipment to the scene; the evacuation team organized the orderly evacuation; the duty team strengthened the watching at building entrances to stop people from entering the building; the medical aid team provided simple medical treatment to injured customers and moved them to the west square to wait for the ambulance; the equipment security team conducted emergency landing of elevators and inspect the conditions of key equipment of the building...

As all customers were moved to the south square, the organizer provided them with trainings on how to use the fire extinguisher with hand-on experience, and invited the Tianhe Fire Squadron to demonstrate sprinkler fire extinguishment. In the lobby, there was an awarded Question Race. After all these activities, the customers were greatly improved in their fire safety awareness and capability to combat fire hazards.





PRIVACY PROTECTION

The Company attaches high importance to customers' privacy protection. As citizens of a highly-developed era of information, our customers all pay close attention to confidentiality of their data. The Company has established series of policies and procedures to regulate the customer information management of its properties to ensure compliance with laws and regulations. Besides, confidentiality staff are required to engage in trainings on how to manage sensitive customer information.

The properties of Yuexiu REIT comply with the *Customer Relationship Management Measures*, and establish specialized posts for summarizing, documenting, and maintaining confidentiality of business data such as tenant information. Wuhan Yuexiu Fortune Center has established customer privacy ledger for the confidentiality of VIP customers, only allowing the access of manager and above levels. Starry Victory Shopping Center has established specialized posts to management membership information and ensure customer information security.

The Four Seasons Hotel has also introduced strict regulations to protect customer privacy according to its business features, such as informing check-in guests of the information protection regulations, and obtaining their consent to proceed with further services. All information of guests and their check-in information are classified as high confidentiality rank.



COMPLAINT HANDLING

The Company carefully listens to customer feedbacks for better understanding of their demands and constant improvement of our service quality. As the main customer group for each property varies, the types of demand and common complaints are different. To optimize complaint handling, each property has established respective complaint management system based on its business features and management approach, to give targeted handling of customer complaints. The Company requires the management to be familiar with all complaint handling conditions, and participate in significant cases. To ensure service quality, Guangzhou Yicheng Property Management Co., Ltd. requires at least 12 hours of training on complaint handling skills and case studies annually of relevant staff.

In the property management aspect, the *Yuexiu REIT Tenancy Relationship Management Operational Guidelines* emphasizes the importance of tenant complaint handling and specifies the relevant procedures and measures. The Company has established and improved the complaint handling mechanism by conducting monthly collection and analysis of tenant complaint cases and their relevant handling conditions, and publicizing the results in the monthly operation report.

The Company has put forward more requirements for the management of its properties. The White Horse Building has opened several complaint channels such as the face-to-face complaint, service hotline, wechat official account, tenant wechat group, etc to ensure quick response and smooth transfer of tenant complaints. Wuhan Yuexiu Fortune Center has established the *Customer Complaint Handling Guidelines* to specify the complaint types and record them as "suggestion" or "complaint" in the *Customer Service Record Sheet*, regulating the measures and steps of complaint handling, specifying the related posts and responsibilities, so as to ensure timely and effective handling of customer complaints.



WIN-WIN COOPERATION WITH PARTNERS

After complaint handling, the Company will revisit the customer via phone call or on-site visit by respecting the customer's choice, and record customer feedbacks in the *Customer Complaint Handling* Record Sheet. Severe complaints will be turned into case for study attached with related documents and record by the property services center or the reception staff for subsequent training.

Besides accepting and handling customer complaints, the Company holds that many customer demands can be discovered in earlier stage. Therefore, departments related to customer service of the Company organize regular visits and special visits to conduct customer survey. By regular visits, the Company communicates the administrative principal of customers on a monthly basis to understand their demands; by special visits, the Company visits customer on their opening ceremonies, before festivals, and for other special issues, and then creates visit record and analysis report. Through customer visits, we are able to fully understand customer demands, plan our customer groups more scientifically, and improve our service quality.



CASE

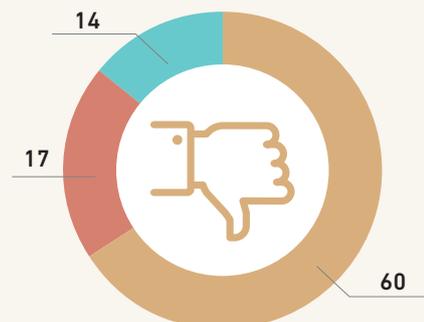
CITY DEVELOPMENT PLAZA ACTIVELY HANDLES CUSTOMER COMPLAINT

On 6 April 2018, City Development Plaza received tenant complaint on odor in washroom, which affected their daily operation. According to the tenant, the odor had appeared as early as 4 January, which was mistaken as smell from interior fit-out. The odor lasted until recently, when the tenant called the Operation Service Center of the building, hoping to solve the problem as soon as possible.

Upon receiving the complaint, the Operation Service Center immediately rated the complaint as general complaint, and recorded obtained information, then transferred the case to responsible department and urged them to find out the reason and take countering measures as soon as possible:

1. The responsible department visited the site immediately, discovered the reason of odor was due to the fact that the air-conditioner vent was not properly sealed. The department immediately seal the vent with air-conditioner heat insulated cotton and tin foil.
2. After adopting handling measures, the Operation Service Center revisited the customer. After a week, the odor had disappeared. The Property Management Department handled the complaint timely with relevant measures, and the tenant was very satisfied with the complaint handling result and the handling efficiency.

DATA OF CUSTOMER COMPLAINT 2018



- Hardware/facility (case)
- Software/service (case)
- Others (complaints on issues other than the property) (case)



SERVICE UPGRADE

To maintain the good operating conditions of its various properties, Yuexiu REIT plans to make capital improvements to some of its properties each year to maintain and improve the value of the properties, create a solid foundation for maximum rents, and protect the interests of investors. At the same time, we are actively exploring and practicing in areas such as service innovation to use our resources to bring greater value to tenants in business operations, and to grow together with them.

CAPITAL IMPROVEMENT



CASE

CITY DEVELOPMENT PLAZA TYPICAL FLOOR RENOVATION

REASON FOR RENOVATION:

City Development Plaza was built 21 years ago. Now the ageing building hardware is increasingly affecting the daily use experience of tenants. Meanwhile, as the supply of quality office buildings are skyrocketing, it has become a pressing demand for the City Development Plaza to renovate so as to maintain high rental rate and the appreciation value of the property.



RENOVATION:



1. CORRIDOR CEILING REPLACEMENT:

Replace the flexible ceilings (including suspending poles and keels) of the public corridors, install new LED downlights, replace all lighting fixtures and switches.



2. CORRIDOR FIT-OUT:

Demolish the decorative surface of F6 typical floor, and apply new floor pavements and wall tiles.



3. WASHROOM AND PANTRY FIT-OUT:

Demolish the previous decorative surfaces of the public washrooms and pantries on F6, F27 and F28, apply new floor pavements and wall tiles, re-install the ceiling, suspending poles and keels, replace all lighting fixtures and switches, replace sanitary wares and new cubical boards; install new pantry cabinets.



CASE

**FORTUNE PLAZA
CAPITAL IMPROVEMENT ON PLUMBING AND AIR-CONDITIONING SYSTEM**

REASON FOR RENOVATION:

The existing plumbing system of the Fortune Plaza has been in use for over 13 years, and part of the pipelines are rusted and should be replaced with new ones to ensure water supply safety. There are also air-conditioning system in bad operating conditions and should be renovated.

RENOVATION:

1. WATER SUPPLY PIPELINES:

Change the galvanized water supply pipes (including main and branch) to steel-plastic composite pipes. Only main pipes were renovated due to site conditions. After the renovation, the possibilities of water leakage and over-pressured in future years are greatly reduced, guaranteeing water supply for customers and service quality of the Company.



2. AIR-CONDITIONING SYSTEM RENOVATION:

Renovate the air-conditioning systems of F17 of east tower and other 3 floors, including restoration of public corridors, space division and fit-out, air-conditioning HV/ELV systems, etc, solving multiple existing problems and inconvenience, and gained high recognition from tenants.



CASE

**FOUR SEASONS HOTEL
1F CAR RAMP RENOVATION**

REASON FOR RENOVATION:

The hotel was open for nearly 5 years, and part of the car ramps collapsed, leading to ponding sewage and breeding mosquitoes. The uneven road surface also creates safety risks for car and pedestrians. Some of the collapsed part even expanded, creating great safety risks.

RENOVATION PLAN:

Replace the broken brick base at the collapsed areas and the damaged brick at non-collapsed areas.





GROWING WITH MERCHANTS

The White Horse Building, where the White Horse Clothing Market locates, has been the largest regulated indoor clothing trading market with the best and the most comprehensive equipment since it opened up in 1993, and has achieved the largest trading volume as well as the best trading effect. Tens of thousands of people reach the White Horse Building every day, and the annual trade volume reached RMB2 billion.

As the leading clothing market in Guangzhou, the White Horse Building has to shoulder the responsibilities to maintain a benchmarking performance in business operation and property management. Therefore, the White Horse Building developed a strategic positioning as a "comprehensive service provider of the clothing industry" and a "brand operator of professional market" for its brand building. For a long time, the White Horse Building has been dedicated to providing quality property management services for tenants, and expanding trade, exhibition and sales channels for them, creating a platform for industrial exchange and cooperation as well as promoting industrial innovation.



CASE

WHITE HORSE BUILDING COPYRIGHT PROTECTION SERVICES



FASHION COPYRIGHT
REGISTRATIONS

75

To regulate the operation of the clothing Market, crack down on counterfeit products, maintain a fair and orderly operation environment, and protect the interests of original creators of the Market, the White Horse Building issued the *Guangzhou White Horse Clothing Market Clothes Copyright Protection and Management Measures*. All tenants can record their copyrights of clothes design and overall image. When a copyright issue occurs, the White Horse Building will protection the recorded tenant and property deal with the counterfeit product.

The White Horse Building also conducts promotion on copyright protection twice a year via broadcasting or notice publication, aiming to create a clothes market that encourages innovation and protects intellectual property rights. In 2018, there were 75 recorded copyrights in the Market.



CASE

WHITE HORSE BUILDING "ORIGINAL DESIGN" STORE CERTIFICATION SERVICE

As the birthplace of clothes fashion in south China, The White Horse Building enjoys a nationwide fame. To highlight the creativity of tenants, the White Horse Building further provides "Original Design" store certification service for tenants based on the "Factory Outlet" certification service.

Tenants with design studio or designers and a unified product line image, and who are able to submit design data can be certified as "Original Design" store. Tenants with officially registered companies or factories can be certified as "Factory Outlet".

By 31 December 2018, the White Horse Clothing had certified 14 "Original Design" stores and 194 "Factory Outlet" stores. The certification services help customers and buyers distinguish product quality and select tenants, improving their business efficiency and the overall competitiveness of the Market, and maintaining the reputation of the "White Horse" brand.



"Original Design" and "Factory Outlet" certified store



CASE

BM INDUSTRIAL ALLIANCE CREATES COMPREHENSIVE FASHION PLATFORM

On 18 August 2018, the BM Fashion Industrial Alliance was officially established. The Alliance is initiated by Guangzhou White Horse Clothing Market and its strategic partners including 13 clothing education organization and clothing industrial organizations, such as ESMOD Fashion Design Institute and the Guangdong Fashion Designers Association. The Alliance sticks to original design and obtains a channel-oriented strategy to provide industrial and channel services for elites and organizations of the clothing markets in Guangdong.

We strongly support the White Horse Clothing Market in effective integration of company headquarters and research institutes and build a "Fashion Creativity Industrial Park" to lead the industrial development and explore an industrial operation system of creativity-guided, channel permeation, information-driven and industrial integration, helping the White Horse Clothing Market to transform from an assets operator to an industrial operator.



Establishment of the BM Fashion Industrial Alliance

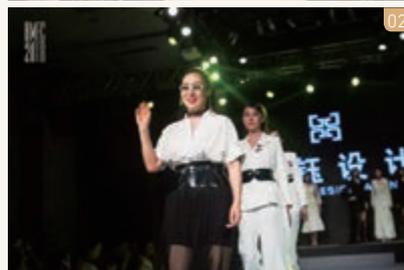


CASE

WHITE HORSE MARKET APPAREL PROCUREMENT FESTIVAL UPHOLDS ORIGINALITY

On 18 August 2018, the White Horse Market Apparel Procurement Festival and the original design Fashion Week kicked-off. Over 300 representatives from industries and the government attended the opening ceremony.

During the Apparel Procurement Festival, the invited guests exchanged their opinions on original design and resources integration of the fashion industry, and released the "Top 10 Brands of the White Horse Clothing Market". At the same time, the graduation exhibition of colleges in cooperation with the BM Alliance and several fashion salons were also held. Commissioner for Business and Culture from the Consulate General of Italy in Guangzhou Ms. Rossella Giacometti attended the event. The Apparel Procurement Festival successfully brought together industrial resources, showcased the power of originality, and highlighted the philosophy of upholding originality and the brand development path of the White Horse Clothing Market.



01. White Horse Market Apparel Procurement Festival
02. Designer on fashion show



WIN-WIN COOPERATION WITH PARTNERS

RESPONSIBLE SUPPLY CHAIN

The Company is supported by multiple parties during its property management. We hope to conduct wider and deeper cooperation, integrate industry resources, promote coordinated development, and finally achieve win-win situation with our partners.

We hold that high-quality suppliers can help us protect the interests of consumers and other stakeholders. We actively promote suppliers' awareness of sustainable development and control the quality of suppliers' products and services by establishing comprehensive supplier management policies such as the *Management Review Procedure for Material Suppliers* and the *Guidelines for the Management of Material Suppliers* to ensure that suppliers meet the needs of the Company.

Yuexiu REIT has implemented strict procurement procedures such as regular supplier qualification review, data review and dynamics management to ensure timely supply of materials as specified in procurement contracts. We will record the unqualified products, conduct market research for new products, and assess potential suppliers. Controlling quality standards is not only a guarantee for the interests of us and our customers, but also a spur to our suppliers.



CASE

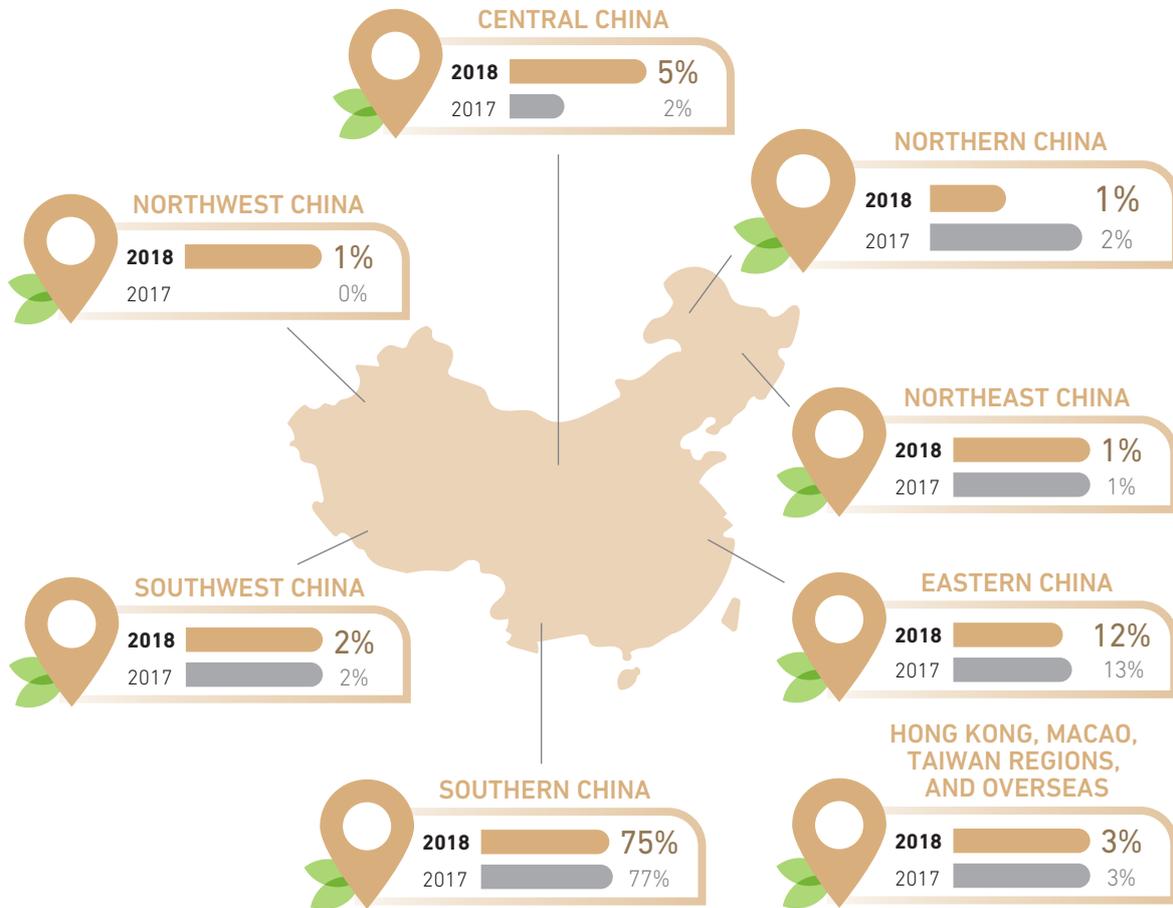
WHITE HORSE BUILDING ORGANIZES SPRING FESTIVAL GATHERING FOR SANITARY WORKS

On 31 January 2018, the White Horse Building organized a Spring Festival Gathering for sanitary works in the meeting room on B1 of the White Horse Building to thank them for their contribution to the sanitation of the building. The company leaders had friendly conversations with the sanitary workers to learn about their work and life, and thanked them for their dedication throughout the year. After the meeting, the leaders sent them presents and awarded those with outstanding performance.





YUEXIU REIT SUPPLIERS BY REGION⁸



⁸ The supplier's region is based on its location of registration

白马大厦服装



广州白马服装市场



白马商厦大厦





MUTUAL GROWTH WITH EMPLOYEES

The Company insists on the philosophy of

“ *PEOPLE-ORIENTED
AND MUTUAL GROWTH* ”

and always prioritizes the rights and interests of employees. We strictly comply with national labor laws and regulations, protect employees' legal rights and interests, provide them with comprehensive training system, care for their physical and psychological health, create a democratic and loving atmosphere, so as to provide each employee with a fair, just, growth-promoting and happy working environment.



MUTUAL GROWTH WITH EMPLOYEES

EMPLOYEE RIGHTS AND INTERESTS

The Company strictly complies with national labor laws and regulations, establishes and continuously improves the human resources management system, protects employee privacy, makes sure the signing of legal labor contract with every employee, specifies the rights and obligations of employees, and firmly rejects child labor, forced labor or harassment behaviors at work. In 2018, there was no violation or complaint related to human rights and labor measures in the Company, the employment relations remained stable and harmonious.

COMPLIANT AND REGULATED EMPLOYMENT

The Company has established *the Employee Manual* to specify the labor contract management mechanism to protect the rights and interests of employees and promote their growth.

The Company fully respects and maintains the International Human Rights Convention and other international labor standards signed by the Chinese government. The Company had no child labor or forced labor, and complies with the principles of diversity and anti-discrimination. We treat each employee equally, and ensure that their recruitment, remuneration and promotion will not be impacted by their ethnicity, nationality, marriage, gender, region or religion. In the meantime, we are dedicated to creating a diversified talent structure, and our employees come from different nationalities and regions.

REMUNERATION AND WELFARE

The Company strictly abides by the national laws and regulations of the *Labor Law of the People's Republic of China* and *the Labor Contract Law of the People's Republic of China*, as well as the relevant labor laws and regulations promulgated by various local governments, and effectively protect the labor rights of all employees.

In terms of remuneration system, the Company strictly abides by laws and regulations such as the *Social Security Law of the People's Republic of China* and the *Individual Income Tax Law of the People's Republic of China*, deducts and pays social insurance, provident fund, enterprise annuity, and employee's personal income tax from the salaries, and introduced the *Remuneration Management Measures* and the *Performance Management Measures* to ensure the rationality and fairness of remuneration, and maximize the incentives for employees.

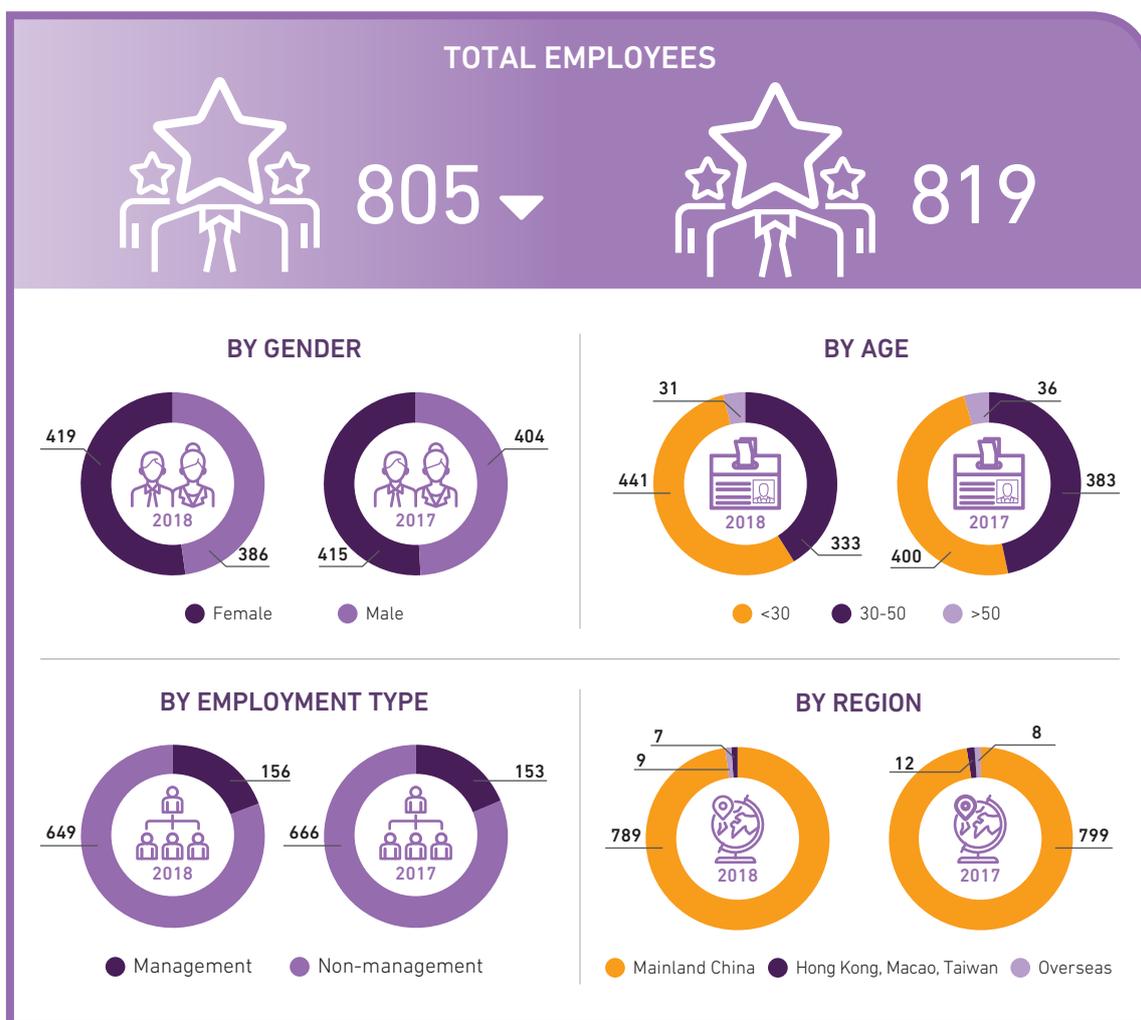
TALENT ATTRACTION AND RETAINING

In 2018, the Company actively optimized its recruitment management system to strengthen talent attraction. We extended our recruitment channels, introduced Big Data recruitment service system to quickly identify targeted and key talents, and organized internal open competition for posts, so as to expand promotional channels for employees and attract and retain outstanding talents.

In the meantime, we have established a post risk ledger to reserve key talents. We carry out detailed talent management with focus on the risks of quitting of leading posts and backbone employees, and search relevant information through online recruitment channels to renew risk assessment, making reasonable forecasts for the retaining and recruitment of such key posts.

MUTUAL GROWTH WITH EMPLOYEES

DATA OF YUEXIU REIT EMPLOYEES



YUEXIU REIT EMPLOYEE TURNOVER

| EMPLOYEE TURNOVER RATE ⁹ | 2018 | 2017 |
|-------------------------------------|------|------|
| Overall turnover rate | 22% | 26% |
| Female | 20% | 24% |
| Male | 23% | 28% |
| <30 years old | 22% | 31% |
| 30-50 years old | 22% | 21% |
| >50 years old | 11% | 18% |
| Mainland China | 22% | 26% |
| Hong Kong, Macao, Taiwan | 7% | 25% |
| Overseas | 22% | 11% |

⁹ The turnover rate is calculated as: Number of employees of this group in the year who resigned / (original number of employees in this group + number of employees recruited for this group in the year)

MUTUAL GROWTH WITH EMPLOYEES

EMPLOYEE COMPLAINT HANDLING

To protect the legal rights and interest of employees, timely discover and handle problems, we have formulated a handling policy for employees' complaints and set up channels to listen to employees' opinions, in order to improve their working enthusiasm and establish a harmonious employment relationship.

Every year, we organizes an informal discussion with Chairman participated by the Chairman and all employees of the Company, whereby any complaints or problems from the employees can be submitted directly to the Chairman for handling or resolution under the leadership of the Chairman. Apart from the informal discussion with Chairman, employees can also voice their opinions via email or the "Xinyu Mailbox" at the reception counter. There are specialized personnel handling employee opinions and complaints with regular feedbacks.



EMPLOYEE TRAINING

Yuexiu REIT always puts the development and cultivation of talents in the first place. We encourage and support employees to participate in various types of training, maintain continuous self-appreciation, and also establish a complete employee training and development system within the Company, strive to improve the employees' ability to work, broaden the career development channels for employees, strengthen the construction of the talent structure, and provide each employee with development space, helping them to discover their values and improve themselves.

Based on the strategic goals of the Company, we developed our talent cultivation plans to build a learning-oriented organization, enhancing the overall capability of the organization through the improvement of individual capabilities, so as to provide sufficient professional talents for the long-term development of the Company and drive the team towards high efficiency and outstanding performance.



CASE

CITY DEVELOPMENT PLAZA

ORGANIZES MULTIPLE TRAININGS THROUGHOUT THE YEAR

In 2018, the City Development Plaza of Yuexiu REIT organized multiple trainings with a wide coverage, including scientific management and utilization of customer information, combing customer service demands, improving customer service level, improving customer satisfaction and loyalty; learning about reception customer services of the new system, such as paid services, customer businesses (fit-out), customer information handling, etc; understand the new system and self-review for compliance; learn the parking spaces business documents, how to use the parking system, and the management requirements; the matters for attention in the electricity usage inspection before the summer peak time, the improvement of electricity safety awareness, and how to prevent safety risks. Through such diverse trainings, the City Development Plaza was able to enhance employees' professional abilities in an all-rounded manner.



**A SERIES OF TRAININGS –
PROFESSIONAL ABILITY IMPROVEMENT**

In 2018, the Company organized 4 internal sharing events and 27 external targeted professional trainings such as the “Guangzhou K11 investigation sharing”, “Capital Improvement Experience Sharing”, “Elevator Safety Knowledge” and “Intelligent Building”, improving the professional abilities of employees.

We also organized trainings on financial operation and investment strategies for middle management level employees to improve their abilities.

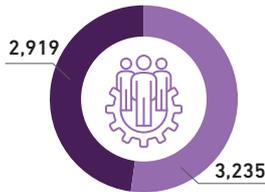
The “X-pert Plan” series of trainings not only laid a solid foundation for the improvement of the customer-oriented and finance-guided abilities, but also provided targeted development guidance for employees, expanding the space for their growth.



DATA OF YUEXIU REIT EMPLOYEES

TOTAL EMPLOYEES TRAINED (Person time)

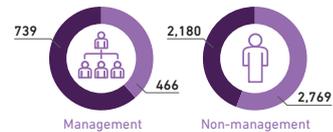
● 2018 ● 2017



BY GENDER (Person time)



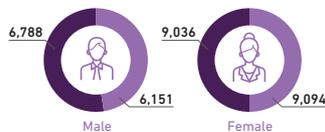
BY EMPLOYMENT TYPE (Person time)



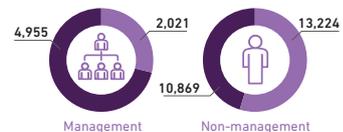
TOTAL TRAINING HOURS (Hour)



BY GENDER (Hour)



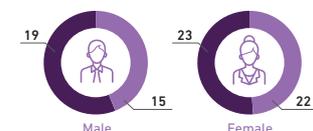
BY EMPLOYMENT TYPE (Hour)



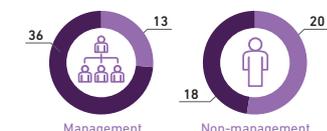
AVERAGE TRAINING HOUR (Hour)



BY GENDER (Hour)



BY EMPLOYMENT TYPE (Hour)



MUTUAL GROWTH WITH EMPLOYEES

OCCUPATIONAL HEALTH AND SAFETY

The Company protects employee health and safety through continuous improvement of its occupational health and safety management system, and organizing occupational health and safety knowledge training and assessment. We are dedicated to providing employees with a safe and comfortable working environment, caring for their physical and psychological health, and relieving their worries behind.

Yuexiu REIT attaches great importance to occupational health and safety for productions, and effectively controls activities related to occupational health and environmental safety through the formulation of provisions on EHS, energy management and waste management, so as to ensure the health and safety of its employees. Specific measures include noise control, setting safety facilities for hazardous chemicals, requiring the use of protection equipment for special operating workers, and arranging regular medical surveillance for staff with special operational works.

WHITE HORSE BUILDING HEALTH AND SAFETY WORK:

- Provide employees with working environment and conditions meeting occupational health and safety requirements, provide supporting facilities, tools and individual protection items, establish occupational hazard monitoring records and individual occupational health monitoring records.
- Purchase medical and work injury insurances for employees, provide an annual occupational body check each year, employ qualified occupational disease monitoring organization to inspect the Company and release relevant reports, require employees to attend post operation trainings to let them understand the risks of the post, and learn to prevent risks and handle emergencies.
- Organize safety training on the usage, maintenance and inspection of personal protective items for specialized personnel and external staff, and emphasize the significance of wearing protective items during work, and teach the measures to handle emergencies. All personal protective items distributed are recorded in the department ledge with at least 2 annual inspections. Those require technical appraisal will be sent to national authorized organizations for appraisal with subsequent records.
- Post warning signs in hazardous workspace and require entering staff (including external staff) to wear temporary protective items, reinforce ventilation and heat reduction during high temperature times, hand out cooling items to employees, and ensure sufficient drinking water supply at the scene.

MUTUAL GROWTH WITH EMPLOYEES

ASCOTT THE RESIDENCE - HEALTH AND SAFETY MANAGEMENT POLICIES

Ascott The Residence has long been focusing on environmental protection, safety and health management. While providing clean and quality products to its customers, it also pays more attention to environmental conditions and employees' safety and health conditions by committing to creating an enterprise of green civilization and safe civilization and satisfying employees and the society. Ascott The Residence fully implements the concept of occupational health and safety through the following aspects.

- To comply with national and regional laws and regulations and other relevant regulations related to environment, health and safety ("EHS");
- To form the EHS related policies into documents to improve the environmental, health and safety awareness of all employees;
- To continuously improve the EHS related performance and improve the employees' working and living environment.

ASCOTT THE RESIDENCE – FIRE SAFETY MEASURES:

- The use of fireproof materials: to prevent the occurrence of safety accidents, Ascott The Residence has carried out fire-retardant treatment to most of the flammable materials by using flame retardant, fireproof impregnating agent and fireproof coating. In addition, for the sake of fire safety, Ascott The Residence adopted fireproof materials as the substitutes for flammable materials in civil construction to reduce fire load and reduce fire propagation speed and effectively prevent fires.
- The maintenance of fire protection equipment: Ascott The Residence regularly inspects fire-fighting equipment such as fire hydrants, fire extinguishers and gas masks, to ensure the normal use of fire prevention equipment such as fire water hoses, smoke sensors and fire pipes, and effectively protect the safety of every employee and guest.

MUTUAL GROWTH WITH EMPLOYEES



CASE

CITY DEVELOPMENT PLAZA – SAFETY PREVENTION TRAINING

In 2018, The property of City Development Plaza under Yuexiu REIT participated in a fire drill with “Safety Ambassadors” as a part of its safe production management work with the instrumentality of emergency rescue management. The drill has established an interaction mechanism between the property management center and the customers. We fully implement the safe production guidelines of “safety as the priority, prevention as the main measure, and comprehensive handling”, and the “whole staff, whole process, and all-rounded” safety management method. Through the fire drill, we comprehensively strengthened the fire protection awareness of our employees, and improved our capability to perform organized fire rescue.



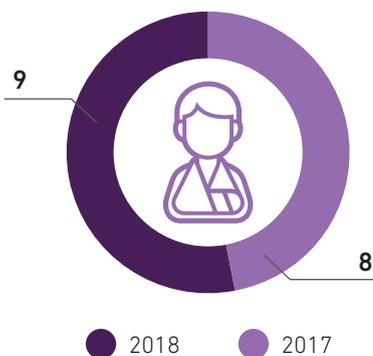
DATA OF YUEXIU REIT HEALTH AND SAFETY CONDITIONS



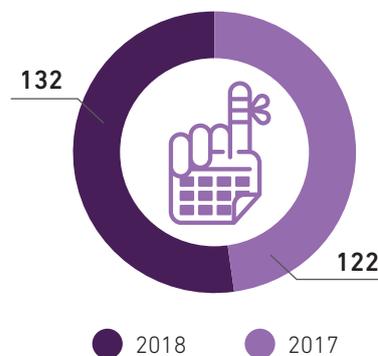
WORK-RELATED FATALITIES (CASE)

0 2018/2017

WORK INJURIES¹⁰ (CASE)



DAYS LOST DUE TO WORK INJURY (DAY)



¹⁰ The statistics of work-related injuries are based on the findings of the Social Security Bureau.

MUTUAL GROWTH WITH EMPLOYEES

EMPLOYEE CARE

The Company upholds the people-oriented principle and cares for employees wholeheartedly. In 2018, we actively organized employee visits and strived to build a quality working atmosphere of high efficiency.

We fully leverage the resources of the Company in employee caring activities, so as to improve their live quality and let them feel warmth. In the meantime, we actively organize team-building events, birthday parties, sports meetings, for employees to relax themselves from busy works, and maintain positive and active team spirits and working atmosphere.



CASE

WHITE HORSE BUILDING VISITS EMPLOYEES IN DIFFICULTIES

Before the 2018 Spring Festival, the White Horse Building held a seminar with employees in difficulties. The leaders had friendly conversations with the employees and sent additional help to encourage them to overcome difficulties, making them feel the warmth and care from the Company.







COEXISTENCE AND PROSPERITY WITH THE SOCIETY

The Company keeps its promises as a corporate citizen to serve the society in sincerity and realize common prosperity with the society. For a long time, we have been carrying out targeted poverty alleviation to contribute to poverty-stricken areas. We also follow up with community demands and address the demands by actively shouldering our responsibilities as a corporate citizen.



Donation to Chimi Village, Yingde, Qingyuan including computers, quilts and Chimi Primary School uniforms, for a total of

RMB10,403.85

COEXISTENCE AND PROSPERITY WITH THE SOCIETY

TARGETED POVERTY ALLEVIATION

The Company actively responds to national calls on targeted poverty alleviation, creates a good corporate atmosphere of mission-fulfilling and honoring social contribution, encourages employees at all levels to pursue excellence and kindness, and reinforces the “capable, responsible, and reliable” image of young Yuexiu employees through organizing targeted poverty alleviation activities.



CASE

TARGETED POVERTY ALLEVIATION IN CHIMI VILLAGE

On 30 March 2018, the Company initiated a donation for Chimi Village, Yingde, Qingyuan. Employees donated computers, quilts and Chimi Primary School uniforms in a total worth of RMB10,403.85. As a part of the activity, the Party members also donated office equipment worth RMB12,000, adult coats worth RMB4,500, cooking oil and rice for 13 poor households, and house renovation funds of RMB2,000 for low-income families in the village. The donation fully showcased the sense of responsibility and the selfless spirit of our employees, and was highly appreciated by the villagers.



CASE

TARGETED POVERTY ALLEVIATION IN HUANGPI DISTRICT

On 9 November 2018, Wuhan properties under Yuexiu REIT visited Zhonggang Village and Dahuangwan Village in Huangpi District for poverty alleviation inspection as required by the Provincial People’s Congress. The employees of Wuhan properties actively participated in the activity and passed on positive energies in the society with their actions.



COEXISTENCE AND PROSPERITY WITH THE SOCIETY

9.2 COMMUNITY CONTRIBUTION

The Company actively participates in charity activities in the aspects of environmental protection, green operation, care for the vulnerable, and blood donation. We continuously contributes to community development with love and care.

ENVIRONMENTAL PROTECTION



CASE

WUHAN PROPERTIES VOLUNTEER SNOW SHOVEL

In 2018, Wuhan traffic was greatly impeded by the continuous snow. The leaders of Wuhan properties were concerned about the safety of customers and employees, and initiated a snow shovel volunteer activity. Over 40 employees voluntarily gave up their off time for the volunteer work. With their collaborated effort, soon the snow was cleaned. The action was highly recognized by the pedestrians and the tenants.



**SNOW SHOVEL
VOLUNTEER ACTIVITY**

40+ employees



CASE

WILD LIFE PROTECTION SALON

On 18 April 2018, GZIFC under Yuexiu REIT partnered with WildAid, the Consulate General of the UK and Guangzhou Nature Association for a salon themed "Our Shared Home - the Earth" to discuss the protection of biodiversity before the Earth Day of the year. The salon was strongly supported and covered by the media, and successfully educated people to care for the natural environment and wild lives.



COEXISTENCE AND PROSPERITY WITH THE SOCIETY

CARE FOR THE SOCIETY



CASE

VICTORY PLAZA ORGANIZES A SPECIAL ART FESTIVAL

On 9 September 2018, the Victory Plaza partnered with over 20 charity organizations in Guangzhou for a special art festival – the performance of sign language by a group of special children from Aidefu Art Troupe. Guangzhou Charity Association awarded the Victory Plaza the “Charity Plaza of the Year”. The activity called for elimination of discrimination and more care for these special children, and showcased the enthusiasm for charity and good deeds from the Victory Plaza.



CASE

GZIFC VOICES FOR WOMEN – SHE TALKS

On 21 November 2018, GZIFC held the first SHE TALKS sharing and photography exhibition, showcasing the power of women through lectures, influence and words which helped women voice their opinions, and paid respect to the spirits of women.



CASE

GZIFC SPECIAL ART FESTIVAL FOR SPECIAL CHILDREN

From 6-7 November 2018, GZIFC held a special art festival for special children. The property helped selling and distributing cakes made by 9 bakers with mental disorder, and organized art exhibitions and performances for special artists. Through the activities, GZIFC has brought warmth to the disabled, encouraged them to enjoy life, and raised mass understanding and care for them.



COEXISTENCE AND PROSPERITY WITH THE SOCIETY



CASE

GZIFC SUPPORTS VILLAGE CHILDREN WITH CHARITY BAZAAR

From 21-29 November 2018, GZIFC partnered with Orphan Education Society Guangdong for a charity bazaar. The money collected were donated to sponsor the construction of sports fields, procurement of sports facilities, and supporting sports education, so as to improve the development of physical education in village schools and the health of village children. The project was widely recognized by local education authority and the media, and made the sports dream of village children come true.



CASE

GZIFC INITIATES BOOK DONATION FOR HOPE PRIMARY SCHOOLS

From April to May 2018, GZIFC initiated a book donation, and partnered with Going Global to dispatch volunteer bicyclers to send books to the schools. GZIFC fully understands the real demands of village children and helped them to acquire more knowledge by donating books to them.



CASE

NEO METROPOLIS ORGANIZES VOLUNTEER BLOOD DONATION

On 23 August 2018, the Neo Metropolis partnered with the Guangta Sub-district Office in Yuexiu District for a volunteer blood donation for the sixth consecutive year. The activity attracted many brave people who are willing to shoulder social responsibilities. Blood donors gained a sense of honor, and the Guangta Sub-district Office recognized the Neo Metropolis for its active undertaking of social responsibilities and positive brand image.



ESG PERFORMANCE SUMMARY

POLICY LIST

| LIST OF POLICIES AND INDICATORS (ESG CATEGORY) | LAWS AND REGULATIONS TO COMPLY WITH | INTERNAL POLICIES |
|--|---|--|
| <p>A1 EMISSIONS</p> | <ul style="list-style-type: none"> • <i>Environmental Protection Law of the People's Republic of China</i> • <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste</i> • <i>Law of the People's Republic of China on Prevention and Control of Water Pollution</i> • <i>Law of the People's Republic of China on Prevention and Control of Air Pollution</i> • <i>Guangdong Provisions on Prevention and Control of Environmental Solid Waste</i> • <i>Regulations on Urban Construction Waste Management</i> • <i>National Hazardous Waste Inventory</i> | <ul style="list-style-type: none"> • <i>Environmental Monitoring Process</i> • <i>Environmental Factors Identification and Evaluation Process</i> • <i>Environmental Protection Work Guidelines</i> |
| <p>A2 USE OF RESOURCES</p> | <ul style="list-style-type: none"> • <i>Law of the People's Republic of China on Energy Conservation</i> | <ul style="list-style-type: none"> • <i>Environmental, Health, Safety and Energy Operations Management Procedures</i> • <i>Implementing Rules for Energy Consumption Management</i> |
| <p>A3 ENVIRONMENT AND NATURAL RESOURCES</p> | <ul style="list-style-type: none"> • <i>Environmental Protection Law of the People's Republic of China</i> | <ul style="list-style-type: none"> • <i>Disposal Chemicals Management Procedures</i> • <i>Hazard Identification Risk Assessment Management Procedures</i> • <i>Guidelines for Property Smoking Control Management</i> |



| LIST OF POLICIES AND INDICATORS (ESG CATEGORY) | LAWS AND REGULATIONS TO COMPLY WITH | INTERNAL POLICIES |
|--|---|---|
| <p>B1 EMPLOYMENT</p> | <ul style="list-style-type: none"> • Labor Law of the People’s Republic of China • Labor Contract Law of the People’s Republic of China • Social Insurance Law of the People’s Republic of China | <ul style="list-style-type: none"> • Employee Manual of Yuexiu Real Estate Investment Trust |
| <p>B2 HEALTH AND SAFETY</p> | <ul style="list-style-type: none"> • Labor Law of the People’s Republic of China • Labor Contract Law of the People’s Republic of China • Social Insurance Law of the People’s Republic of China | <ul style="list-style-type: none"> • Guidelines for the Investment of Safety Production Funds • Administrative Measures for Safety Production Responsibility System • Guidelines for Fire Exercises • Guidelines for the Management of Security and Fire- fighting Equipment Accounts • Safety Operation Regulations • Guidelines for Occupational Safety and Health Management • Administrative Measures for Occupational Health and Safety |
| <p>B3 DEVELOPMENT AND TRAINING</p> | <ul style="list-style-type: none"> • Labor Law of the People’s Republic of China • Labor Contract Law of the People’s Republic of China • Social Insurance Law of the People’s Republic of China | <ul style="list-style-type: none"> • Employee Manual of Yuexiu Real Estate Investment Trust |
| <p>B4 LABOR STANDARDS</p> | <ul style="list-style-type: none"> • Labor Law of the People’s Republic of China • Labor Contract Law of the People’s Republic of China • Social Insurance Law of the People’s Republic of China | <ul style="list-style-type: none"> • Employee Manual of Yuexiu Real Estate Investment Trust |
| <p>B5 SUPPLY CHAIN MANAGEMENT</p> | <ul style="list-style-type: none"> • Company Law of the People’s Republic of China • Contract Law of the People’s Republic of China | <ul style="list-style-type: none"> • Management Review Procedure for Material Suppliers • Guidelines for the Management of Material Suppliers |

| LIST OF POLICIES AND INDICATORS (ESG CATEGORY) | LAWS AND REGULATIONS TO COMPLY WITH | INTERNAL POLICIES |
|--|---|--|
| <p>B6</p> <p>PRODUCT RESPONSIBILITY</p> | <ul style="list-style-type: none"> • <i>Construction Law of the People's Republic of China</i> | <ul style="list-style-type: none"> • <i>Yuexiu REIT Customer Resource Management Operational Guidelines</i> • <i>Yuexiu REIT Tenancy Relationship Management Operational Guidelines</i> • <i>Management System for Visits to Members of the Guangzhou White Horse Chamber of Commerce</i> • <i>Guidelines for Customer Reception Business</i> • <i>Guidelines for Customer Call Operations</i> • <i>Guidelines for Customer Satisfaction Survey</i> • <i>Guidelines for Management of Clients' Opinions</i> • <i>Guidelines for Implementation of Mysterious Visitor Survey</i> • <i>Guidelines for the Handling of Customer Complaints</i> |
| <p>B7</p> <p>ANTI-CORRUPTION</p> | <ul style="list-style-type: none"> • <i>Provisions of the Independent Commission Against Corruption of Hong Kong Special Administrative Region</i> • <i>Provisions on Bribery Prevention of Hong Kong Special Administrative Region</i> | <ul style="list-style-type: none"> • <i>Administrative Rules on the Remuneration and Business Expenditure of the Management Team</i> • <i>Administrative Rules on "Three Public Expenses"</i> • <i>Notice on Doing a Good Job of Checking and Resolving Unstable Problems</i> |
| <p>B8</p> <p>COMMUNITY INVESTMENT</p> | <ul style="list-style-type: none"> • <i>Charity Law of the People's Republic of China</i> • <i>Charity Donation Law of the People's Republic of China</i> | <p>N/A</p> |



PERFORMANCE LIST

| SCOPE | ESG INDEX | UNIT | DATA OF 2018 | DATA OF 2017 |
|--|--|---|--------------|---------------|
| A. ENVIRONMENT | | | | |
| A1 EMISSION | A1.2 Total greenhouse gas emissions and intensity | | | |
| | Scope I greenhouse gas emissions | Ton of CO ₂ equivalent | 786.96 | 667.19 |
| | Scope II greenhouse gas emissions | Ton of CO ₂ equivalent | 37,168.10 | 46,738.05 |
| | Total greenhouse gas emissions | Ton of CO ₂ equivalent | 37,955.06 | 47,405.24 |
| | Scope I greenhouse gas emission intensity | Ton of CO ₂ equivalent/RMB 1 million revenue | 0.39 | 0.36 |
| | Scope II greenhouse gas emission intensity | Ton of CO ₂ equivalent/RMB 1 million revenue | 18.29 | 25.21 |
| | Total greenhouse gas emission intensity | Ton of CO ₂ equivalent/RMB 1 million revenue | 18.68 | 25.57 |
| | A1.3 Total hazardous wastes produced | | | |
| | Waste fluorescent tubes | Piece | 3,642 | 10,460 |
| | Waste printer cartridges | Piece | 84 | 121 |
| | Waste ink boxes | Piece | 199 | Not Collected |
| | Paint bucket | Kg | 68.67 | 94.00 |
| | A1.4 Total hazardless wastes produced | | | |
| Waste office paper consumption | Kg | 49,406.58 | 49,813.17 | |
| Waste office paper consumption intensity | Kg/RMB 1 million revenue | 24.31 | 26.87 | |

ESG PERFORMANCE SUMMARY

| SCOPE | ESG INDEX | UNIT | DATA OF 2018 | DATA OF 2017 |
|----------------------------------|--|---------------------------------------|---------------|---------------|
| A2 USE OF RESOURCES | A2.1 Total energy consumption and intensity | | | |
| | Diesel consumption | L | 1,957.54 | 2,378.00 |
| | Diesel consumption intensity | L/RMB 1 million revenue | 0.96 | 1.28 |
| | Natural gas consumption | m ³ | 361,626.65 | 54,300.00 |
| | Natural gas consumption intensity | m ³ /RMB 1 million revenue | 177.97 | 29.29 |
| | Outsourced electricity | kWh | 69,668,029.30 | 74,140,306.03 |
| | Outsourced electricity consumption intensity | kWh/RMB 1 million revenue | 34,285.45 | 39,989.38 |
| | A2.2 Water consumption and intensity | | | |
| | Household water consumption | m ³ | 755,960.32 | 952,431.30 |
| | Household water consumption intensity | m ³ /RMB 1 million revenue | 372.03 | 513.72 |
| B. SOCIETY | | | | |
| B1 EMPLOYMENT | B1.1 Number of employees: by gender, employment category, age group and geographical region | | | |
| | Total workforce | Person | 805 | 819 |
| | Male | Person | 386 | 404 |
| | Female | Person | 419 | 415 |
| | Management | Person | 156 | 153 |
| | Non-management | Person | 649 | 666 |
| | 29 and below | Person | 441 | 400 |
| | Aged 30-49 | Person | 333 | 383 |
| | 50 and above | Person | 31 | 36 |
| | Mainland China | Person | 789 | 799 |
| | Hong Kong, Macao, Taiwan | Person | 7 | 12 |
| | Overseas | Person | 9 | 8 |



| SCOPE | ESG INDEX | UNIT | DATA OF 2018 | DATA OF 2017 |
|--------------------------------|---|--------|--------------|--------------|
| B1 EMPLOYMENT | B1.2 Employee turnover rate by gender, age group and geographical region | | | |
| | Total employee turnover | % | 22 | 26 |
| | Male | % | 23 | 28 |
| | Female | % | 20 | 24 |
| | 29 and below | % | 22 | 31 |
| | 30-49 | % | 22 | 21 |
| | 50 and above | % | 11 | 18 |
| | Mainland China | % | 22 | 26 |
| | Hong Kong, Macao, Taiwan | % | 7 | 25 |
| Overseas | % | 22 | 11 | |
| B2 HEALTH AND SAFETY | B2.1 Number of work-related fatalities | | | |
| | Number of work-related fatalities | Person | 0 | 0 |
| | B2.2 Lost days due to work injury | | | |
| | Work injury | Case | 9 | 8 |
| Lost days due to work injury | Day | 132 | 122 | |

| SCOPE | ESG INDEX | UNIT | DATA OF 2018 | DATA OF 2017 |
|--|---|-------------|--------------|--------------|
| B3 DEVELOPMENT AND TRAINING | B3.1 Employees trained by gender and employee type | | | |
| | Total employees trained | Person time | 2,919 | 3,235 |
| | Male | Person time | 1,420 | 1,341 |
| | Female | Person time | 1,499 | 1,894 |
| | Management | Person time | 739 | 466 |
| | Non-management | Person time | 2,180 | 2,769 |
| | B3.2 Total training hours completed by gender and employee type | | | |
| | Total training hours | Hour | 15,824 | 15,245 |
| | Male | Hour | 6,788 | 6,151 |
| | Female | Hour | 9,036 | 9,094 |
| | Management | Hour | 4,955 | 2,021 |
| | Non-management | Hour | 10,869 | 13,224 |
| | B3.3 Training hours completed per employee by gender and employee type | | | |
| | Average | Hour | 21 | 19 |
| | Male | Hour | 19 | 15 |
| | Female | Hour | 23 | 22 |
| | Management | Hour | 36 | 13 |
| | Non-management | Hour | 18 | 20 |



| SCOPE | ESG INDEX | UNIT | DATA OF 2018 | DATA OF 2017 |
|---|---|------|--------------|--------------|
| B5 SUPPLY CHAIN MANAGEMENT | B5.1 Suppliers by region | | | |
| | Southern China | % | 75 | 77 |
| | Eastern China | % | 12 | 13 |
| | Central China | % | 1 | 2 |
| | Northern China | % | 5 | 2 |
| | Northeast China | % | 1 | 1 |
| | Southwest China | % | 2 | 2 |
| | Northwest China | % | 1 | 0 |
| | Hong Kong, Macao, Taiwan and overseas | % | 3 | 3 |
| B6 PRODUCT RESPONSIBILITY | B6.1 Number of received complaints regarding products and services | | | |
| | Hardware/facility | Case | 14 | - |
| | Software/service | Case | 17 | - |
| | Others (complaints on issues other than the property) | Case | 60 | - |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

| ENVIRONMENTAL, SOCIAL AND GOVERNANCE SCOPE, GENERAL DISCLOSURE, AND KPI | | SECTION IN THE REPORT | |
|---|---------------------------|--|--|
| ENVIRONMENT | | | |
| A1 EMISSION | General Disclosure | 6 Integrated Development with the Environment | |
| | KPI A1.1 | Types of emissions and relevant data | The emissions of nitrogen oxide, Sulphur oxide and other pollutants are not material to our business operation |
| | KPI A1.2 | Total greenhouse gas emissions and intensity | 6.2 Green Operation |
| | KPI A1.3 | Total hazardous wastes produced and density | 6.2 Green Operation |
| | KPI A1.4 | Total non-hazardous wastes produced and density | 6.2 Green Operation |
| | KPI A1.5 | Description of measures to mitigate emissions and results achieved | 6.2 Green Operation |
| | KPI A1.6 | Description of how hazardous and hazardless wastes are handled, reduction initiatives and results achieved | 6.2 Green Operation |
| A2 USE OF RESOURCES | General Disclosure | 6 Integrated Development with the Environment | |
| | KPI A2.1 | Total energy consumption and intensity | 6.2 Green Operation |
| | KPI A2.2 | Total water consumption and intensity | 6.2 Green Operation |
| | KPI A2.3 | Description of energy use efficiency initiatives and results achieved | 6.2 Green Operation |
| | KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved | 6.2 Green Operation |
| | KPI A2.5 | Total packaging material used for finished products and per unit produced | Not applicable to the businesses of the Company |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX



| ENVIRONMENTAL, SOCIAL AND GOVERNANCE SCOPE, GENERAL DISCLOSURE, AND KPI | | SECTION IN THE REPORT |
|--|--------------------|--|
| A3 ENVIRONMENT AND NATURAL RESOURCES | General Disclosure | |
| | KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them |
| | | 6 Integrated Development with the Environment 6.2 Green Operation |
| SOCIETY | | |
| B1 EMPLOYMENT | General Disclosure | |
| | KPI B1.1 | Total workforce by gender, employment type, age group and geographical region |
| | KPI B1.2 | Employee turnover rate by gender, age group and geographical region |
| | | 8.1 Employee Rights and Interests 8.1 Employee Rights and Interests 8.1 Employee Rights and Interests |
| B2 HEALTH AND SAFETY | General Disclosure | |
| | KPI B2.1 | Number and rate of work-related fatalities |
| | KPI B2.2 | Lost days due to work injury |
| | KPI B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored |
| | | 8.3 Occupational Health and Safety 8.3 Occupational Health and Safety 8.3 Occupational Health and Safety |
| B3 DEVELOPMENT AND TRAINING | General Disclosure | |
| | KPI B3.1 | The percentage of employees trained by gender and employee category |
| | KPI B3.2 | The average training hours completed per employee by gender and employee category |
| | | 8.2 Employee Training 8.2 Employee Training 8.2 Employee Training |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

| ENVIRONMENTAL, SOCIAL AND GOVERNANCE SCOPE, GENERAL DISCLOSURE, AND KPI | | SECTION IN THE REPORT |
|---|--------------------|--|
| B4 LABOR STANDARDS | General Disclosure | |
| | KPI B4.1 | Description of measures to review employment practices to avoid child and forced labor |
| | KPI B4.2 | Description of steps taken to eliminate such practices when discovered |
| | | 8.1 Employee Rights and Interests |
| B5 SUPPLY CHAIN MANAGEMENT | General Disclosure | |
| | KPI B5.1 | Total suppliers by regions |
| | KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored |
| | | 7.2 Responsible Supply Chain |
| B6 PRODUCT RESPONSIBILITY | General Disclosure | |
| | KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons |
| | KPI B6.2 | Number of products and service related complaints received and how they are dealt with |
| | KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights |
| | KPI B6.4 | Description of quality assurance process and recall procedures |
| | KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored |
| | | 7.1 Excellent Service |
| | | Not applicable to the businesses of the Company |
| | | 7.1.3 Complaint Handling |
| | | Not applicable to the businesses of the Company |
| | | Not applicable to the businesses of the Company |
| | | 7.1.2 Privacy Protection |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX



| ENVIRONMENTAL, SOCIAL AND GOVERNANCE SCOPE, GENERAL DISCLOSURE, AND KPI | | SECTION IN THE REPORT |
|---|--------------------|---|
| B7 ANTI-CORRUPTION | General Disclosure | |
| | KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases |
| | KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored |
| | | 5.4 Anti-corruption and Sound Governance |
| B8 COMMUNITY INVESTMENT | General Disclosure | |
| | KPI B8.1 | Focus areas of contribution |
| | KPI B8.2 | Resources contributed to the focus area |
| | | 9 Coexistence and Prosperity with the Society |



FEEDBACK FORM

Dear reader:

Thank you for reading this Report! This is our 2018 Environmental, Social and Governance (ESG) Report, and we hope to obtain your comments on the Report to help use improve for the better.

If you have any opinions or suggestions on the environmental, social and governance performance of Yuexiu REIT, please email: yxft.ir@yuexiureit.com

Feedback on Yuexiu Real Estate Investment Trust 2018 ESG Report

Name _____

Company _____

Position _____

Telephone _____

Email _____

Your appraisal: (please put ✓ in the corresponding box)

| | Very Good | Good | Ordinary Bad | Very Bad | Bad |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Do you think this report highlights the important information of Yuexiu REIT in respect of the environment, society and governance? | <input type="checkbox"/> |
| Do you think the information and indicators disclosed in this report are clear, accurate and complete? | <input type="checkbox"/> |
| Do you think the arrangement of content and style design of this report are reader-friendly? | <input type="checkbox"/> |
| Which part are you most interested in? | | | | | |
| What other information that you need to know about is not reflected in this report? | | | | | |
| What advice do you have for our future release of environmental, social and governance reports? | | | | | |