



# 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



GUANGZHOU



SHANGHAI

## VISION FOR A STEADY FORTUNE

ANNUAL REPORT 2020

**15** YUEXIU  
REIT  
2005-2020





# CONTENTS

Profile of Yuexiu REIT	2	Connected Party Transactions	103
Unitholders Calendar	3	Investor Relations Report	120
Distribution	4	Property Valuation Report	122
Performance Summary	5	Independent Auditor's Report	165
Chairman's Statement	6	Consolidated Statement of Comprehensive Income	171
2020 Business Review and Future Prospects	17	Consolidated Balance Sheet	173
Financial Review	28	Distribution Statement	175
Environmental, Social and Governance	36	Consolidated Statement of Net Assets Attributable to Unitholders and Changes in Equity	177
Report Summary		Consolidated Statement of Cash Flows	178
Property Portfolio	37	Notes to the Consolidated Financial Statements	179
Report of the Trustee	80	Performance Table	237
Directors' and Senior Executives' Profiles	81	Five Year Financial Summary	238
The Leasing Agents	89	Corporate and Investor Relations Information	239
Corporate Governance	91		

# PROFILE OF YUEXIU REIT

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

Yuexiu REIT is a Hong Kong real estate investment trust constituted by a trust deed entered into on 7 December 2005 ("Trust Deed") between HSBC Institutional Trust Services (Asia) Limited as the trustee ("Trustee") and Yuexiu REIT Asset Management Limited as the manager of Yuexiu REIT ("Manager") as modified by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplemental Trust Deed dated 25 July 2012 and the Fourth Supplemental Deed dated 3 April 2020 and made between the same parties. Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 21 December 2005 ("Listing Date").

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



# UNITHOLDERS CALENDAR

## UNITHOLDERS CALENDAR 2021-2022



# DISTRIBUTION

## DISTRIBUTION

In accordance with the Trust Deed, Yuexiu REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. The Manager also has the discretion under Yuexiu REIT's trust deed, where there are surplus funds, to distribute amounts in addition to that set out in the trust deed. At the time of announcing the distribution for any particular year, the Manager shall consider whether to exercise such discretion having regard to factors including but not limited to Yuexiu REIT's funding requirements, its earnings and financial position, its growth strategy, operating and capital requirements, surplus disposal proceeds, compliance with relevant laws, regulations and covenants (including existing limitations on borrowings as prescribed in the REIT Code), other capital management considerations, the overall stability of distributions and prevailing industry practice.

In light of the above, the Manager has determined that the final distribution to the Unitholders for the period from 1 July 2020 to 31 December 2020 ("2020 Final Period") will be approximately RMB0.0999 which is equivalent to HK\$0.1199 (2019: RMB0.1051 which is equivalent to HK\$0.1172) per Unit. Such final distribution per Unit is subject to adjustment once new units are issued to the Manager (in satisfaction of the Managers fees) prior to the record date for the 2020 Final Period distribution. A further announcement will be made to inform Unitholders of the final Distribution per Unit for the 2020 Final Period.

The final distribution for the 2020 Final Period, together with the interim distribution of Yuexiu REIT for the six-month period from 1 January 2020 to 30 June 2020 ("2020 Interim Period") being approximately RMB0.0986 which is equivalent to HK\$0.1094 (2019: RMB0.1355 which is equivalent to HK\$0.1540) per Unit, represents a total distribution to each Unitholder for the Reporting Year of approximately RMB0.1985 which is equivalent to HK\$0.2293 (2019: approximately RMB0.2406 (which is equivalent to HK\$0.2712)).

The total distribution amount for the Reporting Year, being RMB648,697,000 (2019: RMB761,240,000), includes an amount of approximately RMB194,000,000 (2019: RMB194,000,000), that is capital in nature. The total distribution amount for the Reporting Year comprises the distributable amount calculated pursuant to the formula set out in the OC (being approximately RMB616,697,000) plus a further distribution of approximately RMB32,000,000 having regard to the abovementioned discretion of the Manager under Yuexiu REIT's trust deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement.

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

Yuexiu REIT aims at providing steady returns to its Unitholders derived from the gross income of its Properties. It has been distributing no less than 100% of Total Distributable Income for 15 consecutive years after listing in 2005.

### Distribution Yield

Disregarding new units to be issued prior to the relevant record date with respect to the Manager's fees, Distribution per Unit ("DPU") for the Reporting Year is approximately HK\$0.2293 (2019: HK\$0.2712), of which approximately HK\$0.0686 (2019: HK\$0.0439) is attributable to capital items, represents a yield of approximately 6.07% (2019: 5.14%) per Unit based on the closing price of HK\$3.78 per Unit as at 31 December 2020 (2019: HK\$5.28).

## CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the final distribution will be 16 April 2021. The register of Unitholders will be closed from 16 April 2021 to 19 April 2021, both days inclusive, during which period no transfer of units will be effected. In order to be qualify for the distribution, all unit certificates with completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 54/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 15 April 2021. The final distribution will be paid on 26 May 2021 to the Unitholders whose names appear on the register of Unitholders on 16 April 2021.

# PERFORMANCE SUMMARY

The following is a summary of Yuexiu REIT's audited consolidated results for the year ended 31 December 2020 together with comparative figures for the corresponding period in 2019:

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

	Financial Year ended 31 December 2020	Financial Year ended 31 December 2019	Increase/ (decrease)
Gross income (Note a)	1,758,732,000	2,058,112,000	(14.5)%
Net property income	1,322,644,000	1,494,740,000	(11.5)%
Profit after tax	587,121,000	940,408,000	(37.6)%
Earnings per Unit - Basic	0.18	0.28	(35.7)%
Portfolio valuation	34,488,000,000	34,961,000,000	(1.4)%
Net assets attributable to Unitholders per Unit	4.42	4.55	(2.8)%
Net assets attributable to Unitholders per Unit - Equivalent to HK\$	5.25	5.08	3.3%
<b>Units issued (units)</b>	<b>3,303,113,665</b>	3,205,856,551	3.0%
Total borrowings as a percentage of gross assets (Note b)	38.6%	39.1%	percentage point (0.5)
Gross liabilities as a percentage of gross assets (Note c)	56.5%	56.6%	percentage point (0.1)
<b>Distribution</b>			
Total distribution (including additional items)	648,697,000	761,240,000	(14.8)%
Distribution per Unit (HK\$)	0.2293	0.2712	(15.4)%

*Note a:* The revenue of Fortune Plaza Carpark Spaces and City Development Plaza Carpark Spaces was recorded since 20 November 2019.

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

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

# CHAIRMAN'S STATEMENT

**Dear Unitholders of  
Yuexiu REIT,**

On behalf of the management team of Yuexiu REIT Asset Management Limited (“Manager”), the Manager of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”), I am very pleased to present to you the 2020 annual report of Yuexiu REIT.

**LIN DELIANG**

*Chairman*





## RESULTS AND DISTRIBUTION

In 2020, the Novel Coronavirus pneumonia pandemic raged around the world and its impact continued throughout the year. The rise of international unilateralism and the counter-current of economic globalization resulted in the slowdown in economy and the downgrade in consumption. Despite unprecedented pressure and challenges, Yuexiu REIT forged ahead against headwinds and achieved valuable performance under new “dual circulation” landscape, with its portfolio of premium properties and excellent efforts made by all members of the management team.

## CHAIRMAN'S STATEMENT

As at 31 December 2020, the eight properties currently owned by Yuexiu REIT comprised White Horse Building Units ("White Horse Building"), Fortune Plaza Units and certain Carpark Spaces ("Fortune Plaza"), City Development Plaza Units and certain Carpark Spaces ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC"), located in Guangzhou, Yue Xiu Tower ("Yue Xiu Tower"), located in Shanghai, Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan, and Hangzhou Victory Business Center and certain Carpark Spaces ("Hangzhou Victory"), located in Hangzhou, with a total rentable area of 632,915.1 sq.m., in which the area of ownership of maturity properties (GZIFC, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza and Yue Xiu Tower) accounted for 70.4%, and the area of ownership of growth properties (Wuhan Properties and Hangzhou Victory) accounted for 29.6%.

As at 31 December 2020, the occupancy rate of properties under Yuexiu REIT was generally stable, in which the overall occupancy rate of maturity properties was 93.8%, and the overall occupancy rate of growth properties was 90.6%. During the Reporting Year, Yuexiu REIT recorded total operating revenue of approximately RMB1,758,732,000, representing a decrease of 14.5% as compared to RMB2,058,112,000 for the same period last year. Operations of all properties were slightly impacted in the first half of the year, but steadily improved in the second half.

In 2020, Yuexiu REIT recorded a total distribution (including additional items) of approximately RMB648,697,000, representing a decrease of approximately RMB112,543,000 or approximately 14.8% as compared to the total distribution of RMB761,240,000 for the corresponding period of the previous year. The policy of the Manager is to distribute 100% of the entire distributable income of the Reporting Year to the Unitholders. Each Unitholder will receive a distribution amount of approximately HK\$0.2293 per Unit, representing a decrease of HK\$0.0419 or approximately 15.4% as compared to the distribution amount of HK\$0.2712 for the same period last year. Based on the closing price of HK\$3.78 on 31 December 2020, the distribution yield was approximately 6.07%.



## MACRO ECONOMY

In 2020, the sudden outbreak of Novel Coronavirus pneumonia pandemic raged around the world, posing serious threats to global public health and plunging the world economy into a deep recession. Amidst severe and complex domestic and international environment, China took the lead in controlling the pandemic, resuming work and production and achieving positive economic growth. According to data released by the National Bureau of Statistics, China's GDP reached RMB101.6 trillion and its total economic volume stepped up to a new big level of RMB100 trillion in 2020, representing an increase of 2.3% year-on-year in annual economic growth rate and as high as 6.5% in the fourth quarter. China was the only major economy that achieved positive growth and came to a successful conclusion of the 13th Five-Year Plan.

In 2020, Guangzhou made overall plans to promote pandemic prevention and control, economic and social development, achieving an annual regional GDP of approximately RMB2,501,911 million, up by 2.7% year-on-year and better than expected. The economic operation throughout the year was characterized by "strong economic growth resilience, sufficient motivation for structural optimization, and better-than-expected quality and efficiency". It is worth mentioning that the industrial growth was steady, with IAB industry achieving an increase of 8.1% in value added. Modern service industries related to Internet economy grew at a high level for eight consecutive months. Moreover, Guangzhou Baiyun International Airport was ranked as one of the busiest airports in the world and the first in the world in terms of annual passenger traffic, reflecting Guangzhou's heritage and strength as the world's only commercial city that has remained unflinching for a thousand of years.



## CHAIRMAN'S STATEMENT

In 2020, Shanghai's economy recovered its operation continually and steadily. Amidst unprecedented difficulties and challenges, the economy developed in overall stable condition, innovation-driven elements had taken the initiative in the positive act of turning the crisis into an opportunity. The annual GDP reached RMB3,870,058 million, representing a year-on-year increase of 1.7%. The service industry rebounded steadily, while the financial industry and the information transmission, software and IT services industry, as the main force supporting the growth of the service industry, recorded an increase of 8.4% and 15.2% respectively. Industrial production changed from decline to increase, of which the strategic emerging industries grew rapidly, representing a year-on-year increase of 8.9%.

Wuhan, as the most pandemic-affected city with longest lockdown and the latest time to resume, has responded to the very big difficulties with extraordinary measures, creating another heroic feat in the history of mankind's struggle against disease. Getting out of the shadow of the pandemic, Wuhan has been reborn with increasing attention both at home and abroad, and its business environment continues to improve. In the third quarter of 2020, Wuhan's economic growth strongly turned positive, the total annual economic volume reached RMB1,561,610 million, ranking among the top ten cities in China. With strong resilience and vigorous vitality, Wuhan's economy has been hailed as a "wind vane" for post-pandemic revival.

In 2020, Hangzhou's economy operated in a sustained, steady recovery and development trend and achieved an annual regional GDP of RMB1,610,600 million, representing an increase of 3.9% year-on-year. Hangzhou comprehensively promoted the construction of "national first digital economy city", the core industries of its digital economy grew by 13.3% and accounted for 26.6% of its GDP. The industry production recovered quickly, the high-end manufacturing momentum increased, while the service industry had a positive trend and recorded a year-on-year increase of 5.0%.

## MARKET REVIEW

### Office Leasing Market

In 2020, new supply of Grade-A office amounted to 274,300 sq.m. in Guangzhou, all of which were located at secondary business districts, while there was no new supply of Grade-A office in core business areas (i.e., Zhujiang New Town and Tianhe Sports Center) throughout the year. Due to the increase in vacant area of certain commercial buildings, coupled with the supply from new projects, the city-wide vacancy rate increased to 9.2%. In face of more pressure in client acquisition following the outbreak of the pandemic, most of the mature prime projects were inclined to offer preferential rental terms to retain quality tenants for renewal or expansion of the lease at the same property. Benefiting from its positioning as the city's CBD and due to the undeveloped supporting facilities in emerging districts, Zhujiang New City was still highly welcomed by clients, in particular those from traditional financial sectors. As a result, Zhujiang New City witnessed active rental transactions and recorded an average rent of RMB200.9/sq.m./month as at the end of the fourth quarter of 2020, maintaining its leading position in Guangzhou.

The overall supply in Shanghai office market was depressed in 2020 and more projects postponed their delivery, which greatly alleviated the pressure from market supply. In 2020, market supply increased by approximately 500,000 sq.m., pushing the inventory in the city to 11.64 million sq.m.. As the market demand gradually recovered and the postponed office demand from the first half year was released in the second half year, the market vacancy rate slightly fell to 21.0%. Sufficient stock and fierce market competition led to continuous fall in rent rate, while the fall is gradually narrowed. In particular, Century Avenue district where Shanghai Yuexiu Tower is located still recorded a negative net absorption for the year, which led to a year-on-year increase of 2.6% in vacancy rate, indicating a relatively big flexibility in effective rent.

Impacted by the COVID-19 pandemic in 2020, all the projects under developments in Wuhan experienced delay to some extent and most of new supply occurred in the fourth quarter. The overall stock of city-wide Grade-A office increased to 1.88 million sq.m. as at the end of the fourth quarter. Net absorption gradually recovered along with the all-round work resumption with finance and real estate sectors functioning as the major driving force for economic recovery and more enterprises building their business presence in Wuhan. In particular, Hankou Riverside Business District where Wuhan Yuexiu Fortune Center is located had a stock of approximately 352,000 sq.m. and recorded a net absorption of 14,300 sq.m. due to the fading impact of the pandemic, reducing the vacancy rate to 24% as at the year end.

As at the end of the fourth quarter of 2020, the overall stock of Grade-A office in Hangzhou was 4.59 million sq.m., and due to the pandemic and government control, delivery of certain projects experienced delay in the second half year or were postponed to the first half of next year, which affected the supply. In particular, Qianjiang New Town where Hangzhou Victory is located recorded a sound leasing performance where traditional finance and professional service sectors were the major tenant contributor, tenants had stronger ability in affording the lease and resisting risks and leasing demand from TMT sector increased rapidly.

### **Retail Market**

Prime retail property stock of Guangzhou amounted to approximately 6.01 million sq.m. up to the end of 2020, while there was almost no new supply in core business areas. Tianhe Road District where Victory Plaza is located and Zhujiang New Town District where GZIFC Shopping Mall is located both recorded a negative net absorption for the year due to the voluntary adjustment made by the shopping malls in business areas in response to the pandemic, and the vacancy rate rose to 4.5% and 16.8%, respectively. However, as the impact of the pandemic on demand has been weakening and the vacated prime spaces have been gradually taken up by new tenants, the two core business districts experienced satisfactory recovery with the rent trend gradually stabilized.

In 2020, new supply of three commercial projects with an area of over 320,000 sq.m. was put into market in Wuhan, representing a reduction of about 40% as compared with the formerly scheduled supply. Such new projects with an average operation rate of over 90%, injected vitality to the previously dull retail market. In the fourth quarter, as the pandemic faded out, overall consumption power began to pick up. Vacancy rate gradually dropped due to the active deployment of brands in retail spaces and active client acquisition by shopping malls. In addition, the pandemic also forced Wuhan retail properties to speed up brand upgrading, optimize category mix and improve immersive consumption experience.

### **Specialized Apparel Market**

Since the outbreak of the pandemic, the country-wide apparel manufacturing has been stabilized and the consumption demand has recovered slowly, while business districts boasting advantages in products and ecommerce experienced relatively rapid recovery. Liuhua Business District where White Horse Building is located is a global apparel trade hub which boasts the broadest coverage of trade. However, it experienced slowest recovery after the pandemic with an in-operation rate recovering slowly to 70%, showing relatively much downward pressure in overall development and continuously weak situation in foreign trade. The market operators in the district attempted to stabilize the operation by adopting flexible leasing policies, conducting hardware renovation, strengthening online channels and other measures.

## CHAIRMAN'S STATEMENT

### Hotel and Serviced Apartment Market

In 2020, the sudden outbreak of Novel Coronavirus pneumonia pandemic posed serious threats to the hotel industry, the worldwide pandemic at the end of February caused great losses to the world economy. In view of the above, various countries successively implemented a package of measures including suspension of flights and quarantine, which made inbound and outbound tourism markets remain stagnant on the whole and the hotel and serviced apartment market was devastated with the prosperity index hitting the lowest point.

In respect of the luxury hotel market, the performance of luxury hotels in Guangzhou recorded apparent decline during the year of 2020. However, thanks to the effective control of the pandemic in China, the leisure travel market maintained steady growth during the summer vacation and the Golden Week of November, and domestic business travel gradually recovered since Q3 2020 with the decline in performance of the second half of 2020 showing a narrowing trend. As of December 2020, the average daily room rate of luxury hotels declined by 18.6% year on year to RMB957.3, while occupancy rate declined by 26.4 percentage points year on year to 55.9%.

In respect of high-end serviced apartment, the demand of high-end serviced apartment in Guangzhou was mainly from consulates and Japanese companies customers. As impacted by the pandemic, the demand from European and American companies has gradually decreased, while the proportion of the demand from domestic private companies and young middle-class has gradually increased, and the overall market budget has been fully tightened. The occupancy rate for the whole year was 70.4%, representing a decline by 12.5 percentage points year on year. The average rent for 2020 was RMB182/m<sup>2</sup>/month, representing only 90% of that for the corresponding period of 2019.

### BUSINESS OPERATING STRATEGIES

In response to the market changes after the pandemic and the pressure faced by tenants in different sectors, the Manager strengthened active management and formulated more reasonable and targeted leasing strategies to help tide the tenants over the difficulties. At the same time, the Manager actively sought to optimize and adjust tenant structure, in order to effectively resolve the operational risks resulted by the pandemic and also deliver long-term sustained performance growth and stable rental returns.

In terms of office buildings, the office building projects under the Yuexiu REIT are concentrated in the core CBDs of first-tier and second-tier cities of the PRC. The Manager puts emphasis on researching urban development plans, and accurately implements customers positioning with the "Four Icons" through the search for various urban industrial momentum. Of Which, the industry icon focuses on the characteristics and the industries of a city to judge the development direction of the industries and the future development trend of the city; the type-of-business icon deduces the industry of potential office tenants from the future development trend of a city; the product icon generates a demand profile based on the industry characteristics to precisely position products to meet users' needs; and the service icon combines the industry positioned and product hardware to provide corresponding services to empower tenants. Based on such progressive digital icons, Yuexiu REIT can achieve the result of determining products and services from industries and types of business so as to create the most suitable office products. Meanwhile, Yuexiu REIT strengthens digital empowerment to acquire clients, creates a blockchain marketing platform of "Yuexianghui (悦享會)" through innovation, restructures "People, Product and Place (人貨場)", empowers tenants in the properties under management, accurately reaches tens of thousands of high-end white-collar workers in the region and creates a new ecosystem of internal business circulation, thereby enhancing customer retention and project rental value.

In terms of retail shopping malls, with the advent of new consumption patterns, the retail malls under the Yuexiu REIT (GZIFC Shopping Mall, Victory Plaza ("VT101"), Starry Victoria Shopping Center) clearly identify their own advantages by exploring the growth drivers for consumption, centering around "Top Ten Operating Systems" and focusing on "Membership Maintenance", and lay emphasis on interaction with consumers to enhance the experience through a variety of thematic activities. The retail malls introduce high-quality brand exhibitions and experiential pop-up stores to enrich the consumer scenes in shopping malls. By moderately adjusting such elements as business formats, space, tenants and themes to empower the operation, the retail malls deeply tap customer value and maximize asset returns.

In terms of specialized apparel market, the Manager adhered to the positioning of “high-end quality, original design, first-hand supply”, implemented the operation strategy of “bringing in the exemplary superior, blocking the inferior ones” and differentiated leasing policy, continuously optimized the tenant structure, innovated marketing channels, and empowered merchant operations.

In terms of the hotels and serviced apartments, the business was greatly impacted during the pandemic. In this regard, the Manager focused on the driving force of the internal economic circulation to create a new business and leisure experience. In particular, Four Seasons Hotel focused on launching a suitable product portfolio targeting the fast-recovering individual leisure traveler market, and improved the overall room revenue by expanding marketing channels, flexibly adjusting pricing strategies and strictly controlling costs. Ascott Serviced Apartments seized the opportunity of the recovery in international customer source market to expand the customer base, with an aim to increase the number of long-term housing transactions, strengthen online channel marketing efforts and actively increase the occupancy rate of short-term tenants.

## INVESTMENT AND FINANCIAL STRATEGIES

In 2020, the Manager implemented proactive and prudent investment strategies and continued to search for high-quality business projects and supporting resources in the core areas of first-tier cities and strong second-tier cities in China. The Manager is of the opinion that the continuous improvement of the quality of the portfolio and the scale of assets will inject new growth momentum to Yuexiu REIT, which in turn will bring continuous and stable returns to Unitholders.

Yuexiu REIT implemented stable and prudent financial policies. As at 31 December 2020, the ratio of total borrowings to total assets of the Yuexiu REIT was maintained at the level of 38.6%, which was well below the upper limit of 50% as stipulated in the REIT Code. The Manager paid close attention to the changes in interest rates and exchange rates, actively expanded the capital channels, made reasonable planning for overseas loans as they fall due in future and sought to obtain an appropriate average rate of financing cost.

In response to the impact of exchange rate fluctuations on the operating results of Yuexiu REIT, the Manager has continued to strengthen the research and analysis on the exchange rate hedging instruments, as well as on the hedging schemes, and timely introduced exchange rate hedging instruments. In September 2020, the Manager covered the foreign exchange hedging of HK\$3.1 billion loans by stamping the foreign exchange forward instruments, the foreign exchange risk exposure was approximately 52% at the end of December 2020. The Manager has continuously paid close attention to the trend of foreign exchange market while seeking effective control over exchange rate risk at a reasonable cost.

The Manager continued its work in maintaining a stable credit rating of the Yuexiu REIT. Based on the confidence in Yuexiu REIT’s relatively strong operating capability and stable cash flow expectation, the rating agency granted Yuexiu REIT an investment-grade rating.

## ASSET ENHANCEMENT STRATEGIES

The Manager continued to implement strategic asset enhancement plans and explore opportunities for asset appreciation by reviewing the property portfolio of the Yuexiu REIT on a regular basis, thereby maintaining competitive advantage in the market and increasing returns of the projects. Meanwhile, the Manager has targeted at the contact points of customers to carry out asset optimisation to improve customer satisfaction and experience, achieving continuous enhancement in rental value of the properties of Yuexiu REIT.

## CHAIRMAN'S STATEMENT

### PROSPECTS

Around the world, the pandemic has rebounded in some countries and the uncertainty of the international environment is still increasing. 2021 is the opening year of China's 14th Five-Year Plan, China's economy will return to normal operation track. Under the new dual-cycle development pattern, new economies such as digitalization and greening economy will support steady economic growth. Policies on technology innovation and financial opening will help strengthen the development momentum of IT service and financial industries. Domestic consumption will become the main contributor to GDP growth in 2021.

According to the national 14th Five Year Plan, the Guangdong-Hong Kong-Macau Greater Bay Area will be built as a comprehensive national science center, a world-class harbor group, an airport cluster and a travel destination, developing international consumption center cities. As one of the core drivers of the development of the Greater Bay Area, Guangzhou will continue to focus on high-quality development of its economy, be committed to enhancing industrial technological innovation capabilities, build a global talent innovation highland and create an international technology innovation center in the Greater Bay Area. The double drives of modern service industry and advanced manufacturing industry will accelerate the growth driver transition from an old industry to a new one. Guangzhou will take artificial intelligence and new-generation information technology as breakthrough points to realize the intelligent transformation and upgrading of the overall industry. Guangzhou will also build a national pilot city for business environment innovation and carry out the business environment reform 4.0. Structural optimization will be accelerated during the course of economic recovery and new kinetic energy development will be speeded up during structural optimization. In terms of the growth driver of consumption, Guangzhou will support to develop the first-store economy and brand economy to push forward promotion activities, build a gathering ground for international brands and create a source of consumption innovation. Through digital empowerment, online consumption will allow greater potentials released in Guangzhou market.

The new supply of Grade-A office in Guangzhou will concentrate in Q2 and Q3 in 2021. At present, the office stock is mainly located in Zhujiang New Town and Tianhe Sports Center business districts, whereas as the Pazhou and International Financial Town business districts develops in a faster pace, there will be an increasingly apparent trend of decentralization in city business development. It is expected that Zhujiang New Town's principal target in 2021 is still to acquire incoming clients to reduce the vacancy and the average rent rate will continue to drop in a steady manner. As to Tianhe Sports Center, driven by the launch of new projects onto the market, demand for upgrade and relocation of enterprises in this district will continue to be active. For Pazhou district, due to the competition from the new projects put into market, more preferential treatment will be offered in client acquisition and rent growth will continue to slow down.

Guangzhou will see a supply peak of up to 769,000 sq.m. of retail properties in 2021, mainly from community shopping malls in emerging district, with almost no new supply in core business areas. Such large quantity of new supply will drive up the overall vacancy rate and absorption will also rise significantly. In respect of Zhujiang New Town and Tianhe Road, the vacancy rate is expected to gradually decrease and the rent will restore the uptrend in 2021 as pedestrian flow and operating condition of the two core districts has been showing an apparent upward trend, the impact of the pandemic on demand has weakened and there has been a shortage of new supply.

The apparel manufacturing has been gradually stabilized since the outbreak of the pandemic, and the consumption demand has recovered slowly. Output and total sales of apparel sector are expected to decline generally. Each specialized apparel market offers relatively significant preferential leasing discounts policies to maintain its operation and in-operation rate of the district gradually recovers, whereas the customer flow recovers slowly. As such, there would be a relatively big downtrend pressure for the market as a whole, a continuously weak foreign trade, a highly fragmented business district and a higher risk in customer loss, indicating that the sector is still facing a difficult condition.

As the pandemic situation is still not optimistic globally, international tourism and business travel are difficult to restore to normal level. In 2021, China will show a relatively strong resilience in economic recovery and individuals of domestic leisure travel will still represent the major customer group. The industry will see both degrade and upgrade in consumption and a structural change in customer source, while domestic young middle-class will become the major consumers of high-end hotels. On the assumption that the pandemic could be put under continuous and stable control, the luxury hotel market will see a stable resumption in 2021, occupancy rate is expected to still be the core impetus for performance resumption, whereas it will still take relatively much time for the average daily room rate to restore.

According to the Summary of the 14th Five-Year Plan on National Economic and Social Development and the Future Targets for 2035 (《上海市國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標綱要》), Shanghai is becoming the central hub of the big domestic circulation within the PRC and the strategic link between the domestic and international dual circulation in a faster pace, strives to enter into a new stage in terms of the core functions as international economic, financial, commercial and shipping as well as technology and innovation center by 2025 and is committed to build itself into the core leading city of the Yangtze River Delta world-class city cluster with global influence by 2035. In terms of the growth driver of the industry, Shanghai will take the lead in opening up its financial sector, build an asset management center with global influence as well as a FinTech center with global competitiveness, and lead economic development through high-end industries including biomedicine, integrated circuits and artificial intelligence.

The new supply of Grade-A office in core business areas of Shanghai will be very limited in the future three years, and there will be no new supply in Lujiazui and Century Avenue areas. Along with the resumption of economic activities in Shanghai as well as the national favorable policies in financial development, demand from financial sector is expected to become stronger, which will also bring greater opportunity for the office market in Lujiazui and Century Avenue areas.

In the future five years, in line with its positioning as the national central city, core city of the Yangtze River Economic Belt and international metropolis, Wuhan will speed up its efforts in building itself into a national economic center, national scientific and technological innovation center, national commerce and logistics center, international exchange center and regional financial center. At the same time, it will continue to utilize its leading position in Hubei province and even the Central China to push forward the urban integration in Wuhan metropolitan area and ultimately drive the quality development of the whole Hubei Province. According to the 14th Five-Year Plan, Wuhan will vigorously develop the "965" industry cluster, which means developing 9 supporting industries, 6 emerging industries and 5 future industries. It will build five national industrial bases, implement a special action for new consumption promotion and a special action for a new retail city construction, encourage international and domestic renowned commercial enterprises to set up global headquarters in Wuhan, establish and introduce famous brand flagship stores and experience stores and strengthen a number of new product release platforms, enhancing the overall consumption kinetic energy.

By 2023, there will be an abundant new supply of Grade-A office in Wuhan with an estimated aggregate area of 1.23 million sq.m., including an estimated new supply of about 511,000 sq.m. in 2021. The stock in Hankou Riverside Business District is expected to increase to 444,000 sq.m. by 2021 and further to about 680,000 sq.m. by 2023. As the abundant new supply is put into market every year, the fierce market competition will lead to the downward trend in market rent rate. In respect of retail market, there will be a lot of new projects to be launched onto market in the first half of 2021, the competition in client acquisition will lead to continuous fall in rent rate, and it is expected that the rent rate will experience a slow transition from stability to recovery starting from the second half of 2021 as the market restores and merchant confidence gradually recovers.

In line with the key targets for economic development set forth in the 14th Five-Year Plan and the future targets for 2035, Hangzhou will grasp the critical opportunity presented by the "Asian Games, Metropolis and Modernization" to create the source of digital transformation, build world-class digital industry cluster and strive to enhance the comprehensive strength and international competitiveness of the city. Hangzhou will build three technology highlands, namely "Internet +", life healthcare and new materials, to comprehensively promote the transformation of the digital empowerment industry.

The future three years will witness a supply peak of prime Grade-A office in Hangzhou with an estimated new supply of over 2.176 million sq.m. to be put into market, of which, 75.5% new supply will be located in non-core areas and the new supply in core areas will be limited. The leasing market in Qianjiang New Town is expected to gradually recover to the pre-pandemic level and the rent rate will keep stable or experience a slight rise.

We are cautiously optimistic that benefiting from universal vaccination and normalized pandemic prevention and control, under the new development pattern of domestic and international dual cycles with domestic cycle as main body, with the combination of its premium portfolio of properties coupled with its professional management team, Yuexiu REIT will adhere to its original aspiration of maximizing asset value. Through the implementation of proactive and prudent leasing strategies, Yuexiu REIT will deepen the digital empowerment to promote client acquisition and operation, keenly grasp the potential investment opportunities to steadily advance debt restructuring, and expand financing opportunities in the capital markets to effectively reduce the financing costs, aiming at continuously generating stable returns for the Unitholders.

## CHAIRMAN'S STATEMENT

### APPRECIATION

In 2020, we gathered our efforts to win the victories of the battle against the pandemic and the battle for operating results. We would like to take this opportunity to express our sincere gratitude to the Board of Directors, senior management and staff for their hard work in the development of Yuexiu REIT, and our heartfelt thanks to the Unitholders, tenants and business partners for their strong support for Yuexiu REIT.

**LIN DELIANG**

*Chairman*

Hong Kong, 4 March 2021

# 2020 BUSINESS REVIEW AND FUTURE PROSPECTS

## BUSINESS REVIEW

### STABLE RECOVERY IN OPERATING RESULTS

The year 2020 is a very extraordinary year in which China is the only major economy in the world which recorded a positive growth amid adversities. The year 2020 also marked the 15th anniversary of the listing of Yuexiu REIT and saw both challenges and opportunities. By successfully overcoming the adverse impact at the onset of the outbreak of COVID-19 pandemic and leveraging on its excellent operating capacity and good underlying assets, the Manager delivered a highly commendable results to the unitholders with stable recovery in operating results, maintaining high occupancy rate of office projects, demonstrating strong operating resilience and vitality of Yuexiu REIT.

In respect of office buildings, the Manager spared no efforts in fighting the pandemic and launched the enterprise care initiatives and contract restructuring, with an aim to stabilize the operating confidence of premium tenants. The Manager took proactive measures to continue with the structural adjustment of customer base and brought in a number of Fortune 500 companies and industry-leading enterprises. Through innovation, renovation and tenant acquisition in an active and independent manner, preliminary results were achieved in the development of industrial customers. Taking advantage of the "YueXiangHui" (悦享會) platform, it was committed to create a building ecosphere to link up industrial resources and enhance the asset value of office buildings. In addition, the Manager also made value portrait for each element throughout the lifecycle of customer acquisition to optimize management and control mode for office building projects with timely adjustment to operating strategy.

In terms of retail properties, the Manager formulated strategies in offering operation assistance from time to time after the outbreak of the pandemic, built the all-scene marketing channels with the use of online and offline platforms and launched a number of brand activities to stimulate consumption, which has contributed to the stable resumption in operation of its tenants. By utilizing such opportunity, it also pushed forward optimization and adjustment of tenants. For new-coming brands and commission-based tenants, the Manager offered ongoing assistance in directing flow and promotion, which has contributed to the overall improvement in operation. It also made operation of private traffic by circles and conducted marketing activities under the "YUE"(悦) brand to drive monetization of traffic and increase the offline consumption contribution.

In terms of specialized apparel market, the Manager timely launched assistance measures such as ten enterprise-care policies which effectively stabilized the project operation. Adhering to the positioning of middle to high-end original brand, it successfully created the "Heart of Fashion" (時尚之芯) of White Horse Building and introduced a number of quality brands, which continued to strengthen its image as the industry benchmark. Meanwhile, by making use of community marketing and live-broadcasting platforms to facilitate connection between purchaser and the tenant, it greatly enhanced operation capability of the tenants.

In terms of the hotels and serviced apartment, by grasping the opportunity of market recovery in the post-pandemic period, the Manager adopted precise operating strategies and achieved a rapid enhancement in operation. During the outbreak of the pandemic, the Manager implemented effective cost control, which laid down a solid foundation for the subsequent stable recovery in operation. In particular, the RevPAR index of Four Seasons Hotel Guangzhou maintained its leading position, making the hotel continue to be the industry benchmark, while Ascott Serviced Apartment maintained a high-level operation which fully played its role as a stabilizer in this segment.

## 2020 BUSINESS REVIEW AND FUTURE PROSPECTS

### PROPERTY PORTFOLIO AND VALUATION

As at 31 December 2020, Yuexiu REIT's portfolio of properties consisted of eight properties, namely, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza Units, GZIFC, which are located in Guangzhou; Yue Xiu Tower, which is located in Shanghai; Wuhan Properties, which are located in Wuhan; as well as Hangzhou Victory, which are located in Hangzhou. The aggregate area of ownership of the properties was approximately 973,001.4 sq.m. and the total rentable area was 632,915.1 sq.m. (excluding 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m. of parking space of City Development Plaza; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; and 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Yue Xiu Tower; 62,785.8 sq.m. of parking space and 12,415.1 sq.m. of common facilities area of Wuhan Properties; and 17,663.6 sq.m. of parking space of Hangzhou Victory, and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas), of which the area of ownership of maturity properties (GZIFC, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza and Yue Xiu Tower) accounted for 70.4%, and the area of ownership of growth properties (Wuhan Properties and Hangzhou Victory) accounted for 29.6%.

### PARTICULARS OF THE PROPERTIES ARE AS FOLLOWS:

Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area	Property Occupancy Rate <sup>(1)</sup>	Number of Lease <sup>(1)</sup>	Unit Rent <sup>(1)</sup> (RMB/ sq.m./month)
					(sq.m.)			
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	94.0%	864	535.4
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 <sup>(2)</sup>	97.3%	72	153.8
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 <sup>(3)</sup>	96.7%	79	141.8
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	98.7%	28	290.5
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	92.2%	277	219.3
Including:	Grade A office			267,804.4	183,539.6 <sup>(4)</sup>	90.9%	224	237.8
	Retail shopping mall			46,989.2	46,727.3	97.3%	53	151.5
	Hotel			91,460.9 <sup>(5)</sup>	N/A	N/A	N/A	N/A
	Serviced apartment			51,102.3	N/A	N/A	N/A	N/A
Yue Xiu Tower	Commercial complex	Pudong New District, Shanghai	2010	62,139.4	46,026.3 <sup>(6)</sup>	92.6%	112	252.6
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	89.9%	262	85.6
Including:	Grade A office		2016	139,937.1	129,446.7 <sup>(7)</sup>	87.1%	160	96.3
	Retail shopping mall		2015	45,471.4	43,546.6 <sup>(8)</sup>	98.2%	102	57.3
	Commercial parking space		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking space		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory	Grade A office	Jiangan District, Hangzhou	2017	40,148.4	22,484.8 <sup>(9)</sup>	95.9%	29	119.6
Total				973,001.4	632,915.1	92.8%	1,723	201.4

*Notes:*

- (1) As at 31 December 2020;
- (2) Excluding 1,408.3 sq.m. of parking space area;
- (3) Excluding 2,104.3 sq.m. of parking space area;
- (4) Excluding 76,512.3 sq.m. of parking space area and 7,752.5 sq.m. of other ancillary facilities area;
- (5) Including 2,262.0 sq.m. of hotel ancillary facilities and refuge floor area;
- (6) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor);
- (7) Excluding 10,490.3 sq.m. of common facilities area and refuge floor area;
- (8) Excluding 1,924.8 sq.m. of common facilities area;
- (9) Excluding 17,663.6 sq.m. of parking space area.

**SEGMENTS OF THE PROPERTIES ARE AS FOLLOWS:**

Rental Property	Area of Ownership (sq.m.)	Rentable Area (sq.m.)	Occupancy Rate <sup>(1)</sup>	Percentage point increase/ (decrease) as compared to the same period in 2019	Unit Rent (VAT exclusive) <sup>(1)</sup> (RMB/sq.m./month)	Percentage increase/ (decrease) as compared to the same period in 2019	Operating Income <sup>(2)</sup> (RMB'000)
Office	660,080.2	465,250.1 <sup>(3)</sup>	91.3%	1.1	178.5	(2.8)%	934,975
Retail	120,158.7	117,536.1 <sup>(4)</sup>	98.0%	(0.6)	149.0	2.9%	172,404
Wholesale	50,199.3	50,128.9 <sup>(5)</sup>	94.0%	(6.0)	535.4	(15.3)%	287,775

*Notes:*

- (1) As at 31 December 2020;
- (2) For the year ended 31 December 2020;
- (3) Excluding 1,408.3 sq.m. of parking space area of Fortune Plaza; 2,104.3 sq.m. of parking space area of City Development Plaza; 76,512.3 sq.m. of parking space area and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor) of Yue Xiu Tower; 62,785.8 sq.m. of parking space and 10,490.3 sq.m. of specific purpose area (common facilities area and refuge floor) of Wuhan Yuexiu Fortune Centre, and 17,663.6 sq.m. of parking space area of Hangzhou Victory;
- (4) Excluding 435.9 sq.m. of other ancillary facilities area of Victory Plaza, 261.9 sq.m. of other ancillary facilities area of GZIFC Shopping Mall and 1,924.8 sq.m. of other ancillary facilities area of Wuhan Starry Victoria Shopping Centre;
- (5) Excluding 70.4 sq.m. of other ancillary facilities area of White Horse Building.

## 2020 BUSINESS REVIEW AND FUTURE PROSPECTS

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average	Average	RevPAR <sup>(1)</sup> (RMB: yuan)
					Occupancy Rate <sup>(1)</sup>	Daily Rate <sup>(1)</sup> (RMB: yuan)	
Four Seasons Hotel Guangzhou	Five star hotel	August 2012	91,460.9	344	57.3%	1,769	1,013
Ascott Serviced Apartment GZIFC	High-end serviced apartments	September 2012	51,102.3	314	82.2%	979	804

### Notes:

(1) From 1 January 2020 to 31 December 2020;

In December 2020, daily rate, occupancy rate and RevPAR at Four Seasons Hotel was RMB1,930, 83.3% and RMB1,608 respectively, while daily rate, occupancy rate and RevPAR at Ascott Serviced Apartments GZIFC was RMB936, 90.8% and RMB850 respectively.

During the second half of 2020, the average occupancy rate of Four seasons Hotel and Ascott Serviced Apartments is 80.1% and 86.7%, respectively.

(2) Both hotel and serviced apartments were entrusted operation.

## PROPERTY VALUATION

On 31 December 2020, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Colliers International (Hong Kong) Limited ("Colliers"), an independent professional valuer, and the revalued market value was approximately RMB34.488 billion.

The following table summarizes the valuation of each of the Properties as at 31 December 2020 and 31 December 2019:

Name of Property	Valuation as at	Valuation as at	Increase/ (decrease) %
	31 December 2020 RMB million	31 December 2019 RMB million	
White Horse Building	5,089	5,165	(1.5)%
Fortune Plaza	1,251	1,266	(1.2)%
City Development Plaza	1,051	1,049	0.2%
Victory Plaza	951	961	(1.0)%
GZIFC	18,774	18,940	(0.9)%
Yue Xiu Tower	3,086	3,210	(3.9)%
Wuhan Properties	3,674	3,761	(2.3)%
Hangzhou Victory	612	609	0.5%
<b>Total</b>	<b>34,488</b>	<b>34,961</b>	<b>(1.4)%</b>

### Change in Property Valuation Methodology

As disclosed in Yuexiu REIT's interim report 2020, Yuexiu REIT has been using two valuation methodologies – income capitalisation method (the "**Income Cap Method**") and discounted cash flow analysis (the "**DCF Analysis**"), cross-referenced to the Market Approach (these two methodologies are hereinafter referred to as the "**Previous Methodology**") – for Yuexiu REIT's property valuation for interim and annual reports since Yuexiu REIT's initial public offering in 2005. Yuexiu REIT has changed from using two valuation methodologies to one valuation methodology by using Income Cap Method only (cross-referenced to the Market Approach) (the "**New Methodology**") for valuing Yuexiu REIT's properties (save for the hotel and serviced apartments of GZIFC which will continue to be valued using DCF Analysis (cross-referenced to the Market Approach)) for interim and annual reports starting from the annual report for the financial year ended 31 December 2020.

The use of the Income Cap Method (cross-referenced to the Market Approach) is in line with market practice for property valuation of income-producing commercial assets which are the main asset class of Yuexiu REIT. Income Cap Method has been widely acceptable and well understood in the property market and investment market as a single valuation method by analysts, valuers, and property investors. Compared with DCF Analysis, Income Cap Method involves less hypothetical assumptions. Key elements used in the Income Cap Method, such as market rent and capitalisation rate, are derived from live transactions and current market data. It is also in the interest of Unitholders as comparison with other H-REITs is more straight-forward on a like-for-like basis. No prior-year adjustment or re-statement to previous financial year financial statements is required. It is noted that the variances between the valuations prepared under Previous Methodology and New Methodology on a 10-year horizon ranges from -0.2% to 0.7%, with an average of 0.3%. Based on the above, the change in valuation methodology is not expected to have a material impact on the financial statements of Yuexiu REIT. The proposed change of valuation methodology is compliant with Yuexiu REIT's Trust Deed and Compliance Manual. Based on and in sole reliance of the confirmation of the Principal Valuer and the information provided by the Manager, having taken into account its duties under the Trust Deed and the REIT Code, the Trustee has no objection to the change in valuation methodology in Yuexiu REIT's property valuation reports for its annual reports as described above.

### LEASE EXPIRY OF THE PROPERTIES

In the next five years and beyond, in respect of the rental area, ratios of lease expiry of Yuexiu REIT Properties each year will be 30.4%, 22.8%, 20.5%, 7.4% and 18.9% respectively. In respect of basic monthly rental, ratios of lease expiry each year will be 33.3%, 24.4%, 23.2%, 6.0% and 13.1% respectively.

## 2020 BUSINESS REVIEW AND FUTURE PROSPECTS

### REVENUE REMAINED BASICALLY FLAT

In 2020, the properties of Yuexiu REIT recorded total revenue of approximately RMB1,758,732,000, representing a decrease of 14.5% as compared to the same period of the previous year. Among which, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Yue Xiu Tower, Wuhan Properties and Hangzhou Victory accounted for approximately 16.4%, 4.2%, 4.0%, 3.8%, 52.9%, 6.7%, 10.2% and 1.8% respectively of the total revenue.

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

Name of Property	Revenue in 2020 RMB million	Revenue in 2019 RMB million	Increase/ (Decrease) Compared to 2019 RMB million	Increase/ (Decrease) % %
White Horse Building	287.8	372.7	(84.9)	(22.8)%
Fortune Plaza <sup>(1)</sup>	73.4	75.2	(1.8)	(2.4)%
City Development Plaza <sup>(1)</sup>	69.7	66.4	3.3	5.0%
Victory Plaza	67.2	76.6	(9.4)	(12.3)%
GZIFC				
Office	487.3	495.4	(8.1)	(1.6)%
Retail shopping mall	79.8	85.1	(5.3)	(6.2)%
Hotel	267.4	435.6	(168.2)	(38.6)%
Serviced apartment	96.2	116.9	(20.7)	(17.7)%
Yue Xiu Tower	118.1	132.5	(14.4)	(10.9)%
Sub-total of the maturity properties	1,546.9	1,856.4	(309.5)	(16.7)%
Wuhan Properties	179.3	169.7	9.6	5.7%
Hangzhou Victory	32.5	32.0	0.5	1.6%
Sub-total of the growth properties	211.8	201.7	10.1	5.0%
Total	1,758.7	2,058.1	(299.4)	(14.5)%

Note:

(1) Fortune Plaza Carpark Spaces and City Development Plaza Carpark Spaces were acquired on 19 November 2019.

The following table sets out a comparison of net property income in respect of the Properties between the reporting period and the same period of previous year:

Name of Property	Net Property Income in 2020 RMB million	Net Property Income in 2019 RMB million	Increase/ (Decrease) Compared to 2019 RMB million	Increase/ (Decrease) % %
White Horse Building	249.5	313.9	(64.4)	(20.5)%
Fortune Plaza <sup>(1)</sup>	63.5	62.5	1.0	1.6%
City Development Plaza <sup>(1)</sup>	60.1	55.2	4.9	8.9%
Victory Plaza	57.6	63.8	(6.2)	(9.7)%
GZIFC				
Office	424.0	415.4	8.6	2.1%
Retail shopping mall	71.1	72.5	(1.4)	(1.9)%
Hotel	45.3	144.5	(99.2)	(68.7)%
Serviced apartment	57.4	72.8	(15.4)	(21.2)%
Yue Xiu Tower	108.3	122.1	(13.8)	(11.3)%
Sub-total of the maturity properties	1,136.8	1,322.7	(185.9)	(14.1)%
Wuhan Properties	159.2	145.6	13.6	9.3%
Hangzhou Victory	26.6	26.4	0.2	0.8%
Sub-total of the growth properties	185.8	172.0	13.8	8.0%
Total	1,322.6	1,494.7	(172.1)	(11.5)%

Note:

(1) Fortune Plaza Carpark Spaces and City Development Plaza Carpark Spaces were acquired on 19 November 2019.

### GZIFC - SUCCESSFUL TENANT ACQUISITION FOR OFFICE BUILDINGS UNDER UNDESIRABLE MARKET CONDITIONS, ACCELERATED RECOVERY IN SHOPPING MALL OPERATION

Due to the impact of COVID-19 pandemic, rental demand for Grade A offices shrank conspicuously and the ability of tenants to afford high rentals diminished, which led to an ongoing high risk of lease termination and a not strong willingness in tenants to expand their leased area. In response to the pressure induced by a substantial tenancy termination of up to 43,000 sq.m. for the year, GZIFC's office operation team made flexible adjustments in business solicitation strategies to acquire tenants, endeavored to build up a reputation for its effective property management service in pandemic prevention to increase tenants' viscosity and actively explored the demand of existing tenants to expand their office area. Meanwhile, it made targeted effort in tenant acquisition from various industries through enhancing cooperation with the Foreign Affairs Office, the CBD Administrative Committee and renowned foreign consultancy firms to acquire quality tenants via multiple channels, which effectively mitigated the vacancy pressure from tenancy termination and ensured a long-term and stable existing tenant base. During 2020, GZIFC successfully brought in certain renowned enterprises such as CCB Fintech, Hyundai Insurance and Mango TV, and the unit rent as at the end of 2020 of GZIFC maintained a 29% premium over comparable market rental level, among which, the unit rental price of renewed leases increased by 6.3% year on year.

## 2020 BUSINESS REVIEW AND FUTURE PROSPECTS

During the outbreak of COVID-19 pandemic, GZIFC shopping mall focused on monitoring the operating costs of its commercial tenants, adopted a pre-warning system in risk assessment, and fully endeavored to acquire new tenants and build up tenant reserve, aiming at further optimizing the tenant structure. In particular, it successfully achieved the seamless connection between NIO Automobile and NETA Automobile, and brought in new brands such as ChangLai and YingDao, with a rise of over 10% in unit rental as compared with that of the former tenants. During the post-pandemic period, GZIFC conducted intensive themed activities and introduction of differentiated commercial resources to vigorously facilitate customer flow recovery and boost operating income. As a result, the customer flow in 2020 rebounded to nearly 80% of that in the previous year. Through establishing an online smart retail platform and four major intelligent analysis platforms, GZIFC shopping mall enhanced the level of refined operation and efficiency of projects, and secured a stable operation of the shopping mall as a whole during the pandemic period. The sales amount in 2020 restored to over 80% of that in the same period of last year.

Hotel and serviced apartment were the two sectors that were the most impacted by COVID-19 pandemic. In this context, various measures were taken to control cost, explore customer sources and optimize catering, with an aim to speed up operation recovery and enhance performance. As a result, in 2020, Four Seasons Hotel Guangzhou recorded an average annual occupancy rate which was 2.4 percentage points higher than its competitors, and an average daily room rate 40% higher than that of the peers, while the RevPAR index of the hotel reached 145.9 in 2020, with an occupancy rate of 83.3%, and an average daily room rate of RMB1,930 recorded by the Four Seasons Hotel Guangzhou in December 2020. Four Seasons Hotel Guangzhou was awarded, for six consecutive years, "Forbes Travel Guide 2020 Five-star Hotel Award" by Forbes Travel Guide.

Ascott Serviced Apartment GZIFC demonstrated a strong risk resistance capacity during the pandemic, and adopted the operation strategies targeted to stabilize long-term tenants and increase short-term tenants throughout the year. The occupancy rate of apartment was 82.2%, 13 percentage points higher than its competitors. The average room rent stood at RMB979, approximately 44.7% higher than its competitors. The RevPAR index hit a record high of 171.8. Ascott Serviced Apartment ranked first both in operating revenue and GOP in Ascott China since 2016.

### **WUHAN PROPERTIES - CREATING EFFICACY AND STABILIZING OPERATION AGAINST THE PANDEMIC AND DIFFICULTIES**

Yuexiu Fortune Center, located in the hardest hit pandemic district, successfully overcame the pandemic difficulties through strengthened business solicitation and tenants acquisition, reinforced online marketing, quick response to customers' needs, proactive adjustments made for risky tenants, overcame the predicaments in the post-pandemic period, achieved newly contracted area of 41,000 s.q.m. in 2020, and successfully brought in tenants such as China Resources Snow Breweries and Taikang Life Insurance, both being in the Fortune Global 500 enterprises, as well as ten other leading industry enterprises. The occupancy rate in 2020 increased by 12 percentage points to a record high of 87.1%, making Yue Xiu Fortune Center on the first league in Wuhan. Meanwhile, it also explored deeply the expansion demand of existing tenants, reasonably allocated vacant rental spaces and quickly responded to customers' needs. The tenant structure was further optimized by making active adjustment for the existing risky tenants. The unit rental price of renewed leases over the year is 6.7% higher than that in 2019. In recognition of its quality property service, as well as the specialty and innovation capacity in engineering environmental protection, Yuexiu Fortune Centre was awarded the Royal Institution of Chartered Surveyors (RICS) China Summit 2020 Business Project of the Year Entry Prize.

Starry Victoria Shopping Centre adopted a strengthened and sound operation risk-warning mechanism to enhance the risk resistance capability of its commercial tenants. In respect of 49 premium tenants, it proposed differentiated lease restructuring schemes to fortify tenants with confidence in their operation. Leases renewal management was effectively undertaken and the unit price of renewed leases was 24.9% higher than that in 2019. Taking into account the consumer vouchers issued by the government and the actual operation of the tenants, it offered targeted assistance with an aim to unleash the rental value of principal tenants. It also optimized the business environment to protect the healthy operation of tenants. During the year, eight additional categories including new energy vehicles were introduced. Through a sustained structural optimization in products operation, the second floor in Mall B attained a year-on-year increase of 41% in operating results and a 163% year-on-year increase in sales amount of new brands, making the shopping mall increasingly attractive to customers. With regard to marketing and promotion, it fully managed the online and offline activities to promote sales of tenants, and the sales amount at year end restored to 97.3%.

#### **WHITE HORSE BUILDING - OPTIMIZING POSITIONING AND STRENGTHENING TENANT ACQUISITION, SPEED-UP TRANSFORMATION AND UPGRADING**

Due to the impact of the pandemic, the specialized apparel market in Guangzhou underwent a sluggish recovery, accompanied with an increasing market instability and a higher risk of customer loss. Facing such pressure, the management team of White Horse Building became an exemplar in taking the lead in restoring operation in this business district, which effectively mitigated the risk in upholding and safeguarding public stability. Through exertion of great effort in both online and offline community marketing, the members of merchandisers increased by 47,000, representing a year-on-year increase of 103%. It also precisely approached 534 brands and recorded a recovery of customer flow higher than the market average. In addition, it actively explored customer resources and made vigorous efforts in acquiring potential tenants and transformation of premium brands, which accumulated a reserve of 981 potential tenants, among them, a number of strong brands became the tenants of White Horse Building. As a result, at the end of 2020, it recorded an occupancy rate of 94% which was higher than the market average and a unit rental price of RMB535 per sq.m., which continued to rank first in this business district. In respect of tenants retention, it implemented differentiated leasing policies to support tenants' operation, and effectively stabilized the key premium tenants. In respect of optimization of tenant mix, it smoothly carried out the optimization and adjustment in lease renewals on the sixth floor and strategic lease extension on the second floor, which led to an optimization in brands on the sixth floor by phasing out the brands not in line with the floor positioning, ensured a stable operation and laid down a good foundation for future optimization of tenant mix. Through active effort in enhancing the floor image, White Horse Building successfully created a new positioning for the first floor as the "Heart of Fashion" (时尚之芯), sped up the external tenant acquisition, introduced a number of premium brands and by way of elevation in both product and image, effectively enhanced the image and competitiveness of White Horse Building.

#### **YUE XIU TOWER - ENHANCING TENANTS' CONVERSION RATE THROUGH MULTI-CHANNELS, EFFECTIVELY SHORTENING VACANCY PERIOD**

Shanghai office leasing market continued its downward trend, with a continued rise in vacancy rate and a fall in rental rate in Small Lujiazui Area and Zhuyuan Area. In this context, Yue Xiu Tower attempted to ensure good operation and stabilize occupancy rate through enhancement in four aspects including channel, product, price and property management, the occupancy rate climbed from 81.1%, the lowest point during the pandemic, to 92.6%, continuing to lead in Zhuyuan Area. As for channel, it strengthened interaction with intermediaries and adopted a progressive commission policy to facilitate recurring deals. As for product, it elevated the delivery standard according to customers' need and offered tailor-made renovated units to speed up the deals. As for price of rental, it implemented flexible leasing strategies for well-established and influential potential tenants and existing renewing tenants where rental would be adjusted in response to changes in rental of competing products. As for property management, it continued to enhance the service quality to increase customers' viscosity and recognition of the building.

## 2020 BUSINESS REVIEW AND FUTURE PROSPECTS

### **FORTUNE PLAZA, CITY DEVELOPMENT PLAZA - ACTIVELY INTRODUCING PREMIUM CUSTOMERS, ELIMINATING OPERATION RISK OF THE COMMERCIAL COMPLEX**

Fortune Plaza successfully introduced premium customers with high net worth such as Guangdong Nanyue Bank and China Guangfa Bank, and the newly contracted area for the year was over 10,000 sq.m.. In addition, it also conducted proactive screening for existing risky customers, aimed at striving for new opportunities for a better position in acquiring future tenants and building up the customer reserve. City Development Plaza successfully introduced well-known enterprises as its tenants such as Covance, Spectris and China Audit Asia Pacific CPA, which rapidly filled up the vacant area. Furthermore, it also completed the lease renewal of approximately 8,000 sq.m. for a visa centre on its podium, thus stabilizing the occupancy rate of the building. The unit rental price of renewed leases of these two projects achieved 5% and 9.5% increase, respectively.

### **VICTORY PLAZA - INCREASING RENT WHILE OPTIMIZING BRANDS, BOOSTING SALES OF CORE TENANTS**

The Victory management team conducted a quick survey on post-epidemic consumption and brand expansion needs, formulated timely adjustment strategies and measures, and precisely and efficiently attracted targeted potential tenants. Victory Plaza introduced a number of top brands of diverse business formats, so as to achieve the enrichment of business formats and the optimization of brands on the first two floors, as well as the re-positioning and brand promotion of the food & beverage outlets on the fifth and sixth floor in the mall. A total of approximately 7,000 sq.m. of newly contracted area was accomplished during the year, and the renewal rent for expiring area increased by approximately 4%. In terms of supporting core tenants, the Victory management team implemented joint marketing effort for the three principal tenants: Uniqlo, GU, McDonald's, which effectively boosted the sales performance of these tenants. By the end of 2020, customer flow and sales of Uniqlo exceeded the level of the corresponding period in 2019, reaching a new high performance in a single month since its opening. In 2020, Victory Plaza was awarded the "2nd China Commercial Property Planning Festival and the 3rd Golden Light Awards Ceremony" (第二屆中國商業地產企劃節暨第三屆金燈獎頒獎盛典), and was further awarded "Golden Light Award - Excellent Mall Ambiance Award" (金燈獎·卓越場景獎) for three successive years, continuing to receive industry recognition and acknowledgement.

### **HANGZHOU VICTORY - INTRODUCING COMPETENT CLIENTS, ENHANCING RESILIENCE IN OPERATION AND DEVELOPMENT**

Hangzhou Victory made great effort in expanding its customer resources. Through utilizing the favorable opportunity arising from the presence of Hangzhou Customs as its significant tenant, it also rapidly renewed the lease with Qiantang Wisevalley, its first anchor tenant, and successfully introduced two Fortune 500 companies, China Railway Construction and China Communications Water Conservancy, and a number of high-quality enterprises. The newly signed and renewed lease area was approximately 9,000 square meters for the year, and retained multiple core tenants of the building. At the same time, Hangzhou Victory actively revitalized the vacant space on the fourth floor, and reinforced the immersive feeling to promote the tenancy deals in Hangzhou Victory.

## ACTIVE PROMOTION OF ASSET APPRECIATION PROJECTS TO ACHIEVE VALUE PRESERVATION AND APPRECIATION OF PROPERTIES

In the year of 2020, the Manager continued to invest in a number of asset renovation and upgrading projects, which included carrying out the unit decoration of GZIFC office buildings of about 4,300 sq.m. in total, upgrading projects on the image of Ascott Serviced Apartment, replacing fresh air ventilators and upgrading video surveillance system of City Development Plaza, the generator refitting project of White House Building, upgrading video surveillance system and renovating washrooms in Shanghai Yue Xiu Tower and decorating its leasing units of about 4,800 square meters, decorating the office area around 2,000 square meters at Wuhan Yuexiu Fortune Center. Total investment was approximately RMB47 million. The vacancy periods for the renovated office units of each projects were effectively shortened and increased the level of rent, which improved the operating efficiency and business environment of the projects on a continuous basis.

In 2021, the Manager is still planning to invest mainly in capital expenditure renovation projects for GZIFC, White Horse Building, Fortune Plaza, Shanghai Yue Xiu Tower and Wuhan Yuexiu Fortune Centre in order to achieve value preservation and appreciation of the properties.

## ACTIVE MANAGEMENT IN FINANCE RISKS AND EFFECTIVE REDUCTION OF FINANCE COST

In terms of liquidity management, for loan financing due in the first half of 2020, the Manager initiated and completed the signing of the refinancing contract in 2019 ahead of schedule, and successfully withdrew a five-year HK\$2.1 billion bank loan in April 2020 to replace the maturing bank loan. A portfolio of long- and short-term refinancing structure was optimized, and short-term liquidity risk was effectively under control. In addition, the Manager obtained a 3-year HK\$2 billion syndicated loan in December 2020 to refinance the maturing loans to ensure the liquidity risk was effectively monitored.

Regarding foreign exchange risk management, the Renminbi's exchange rate was weakened due to the China-US trade war and the outbreak of COVID-19 pandemic in Mainland China in early 2020. Since the second half of 2020, the large-scale COVID-19 pandemic broke out in the world while Mainland China implemented effective control and achieved strong economic recovery, RMB exchange rate turned around and became strong continuously. The Manager continued their focus on market dynamics, adopted effective management strategies and foreign exchange hedging tools at reasonable cost to monitor foreign exchange exposure. In 2020, Yuexiu REIT's accumulated exchange gain for the whole year was RMB811 million, the fair value loss of hedging products was RMB311 million, and the net gain in foreign exchange for the whole year was RMB500 million (2019 net loss: RMB177 million).

Concerning interest rate management, due to the impact of the COVID-19 pandemic on the global economy in 2020, major economies adopted Quantitative Easing monetary policies to support their own economy. At the end of 2020, 1-month HIBOR and 1-month LIBOR dropped by 249 and 162 basis points respectively from those at the beginning of year. The Manager enjoyed the benefit of low financing costs by maintaining appropriate floating interest rate exposure. At the end of 2020, the overall interest rate per annum of the borrowings and notes of Yuexiu REIT was 3.01%, a decrease of 119 basis points from 4.20% at the beginning of the year.

# FINANCIAL REVIEW

## FINANCIAL RESULTS

Affected by the 2020 COVID-19 outbreak, both rental income and net property income of Yuexiu REIT were lower than those in 2019. The following is a summary of Yuexiu REIT financial results for the Reporting Year:

	2020 RMB'000	2019 RMB'000	Increase/ (Decrease) %
<b>Gross income</b>	<b>1,758,732</b>	2,058,112	(14.5)%
Hotel and serviced apartment direct expenses	(248,335)	(318,226)	(22.0)%
Leasing agent fees	(43,973)	(47,456)	(7.3)%
Property related taxes (Note 1)	(140,608)	(194,734)	(27.8)%
Other property expenses (Note 2)	(3,172)	(2,956)	7.3%
Total property operating expenses	(436,088)	(563,372)	(22.6)%
<b>Net property income</b>	<b>1,322,644</b>	1,494,740	(11.5)%
Withholding tax	(49,889)	(59,174)	(15.7)%
Depreciation and amortisation	(132,353)	(129,796)	2.0%
Manager's fees	(142,157)	(147,511)	(3.6)%
Trustee fees	(10,424)	(10,481)	(0.5)%
Other trust expenses (Note 3)	(24,346)	(39,874)	(38.9)%
Total non-property expenses	(359,169)	(386,836)	(7.2)%
<b>Profit before finance expenses, finance income and income tax</b>	<b>963,475</b>	1,107,904	(13.0)%
Finance income	842,885	33,748	2,397.6%
Fair value gain on support arrangement asset	625	32,318	(98.1)%
Finance expenses	(488,028)	(777,515)	(37.2)%
<b>Profit before tax</b>	<b>1,318,957</b>	396,455	232.7%
Income tax expense	(203,967)	(441,828)	(53.8)%

	2020 RMB'000	2019 RMB'000	Increase/ (Decrease) %
<b>Profit/(loss) after income tax before fair value (loss)/gain on investment properties, other expenses in relation to the acquisition of subsidiaries, fair value (loss)/gain on derivative financial instruments and the gain on construction payable adjustment</b>	<b>1,114,990</b>	(45,373)	2,557.4%
Fair value (loss)/gain on investment properties	(297,633)	752,700	(139.5)%
Other expenses in relation to the acquisition of subsidiaries	—	(2,858)	N/A
Fair value (loss)/gain on derivative financial instruments	(405,118)	72,331	(660.1)%
Gain on construction payable adjustment	174,882	163,608	6.9%
<b>Net profit after income tax before transactions with Unitholders</b>	<b>587,121</b>	940,408	(37.6)%

Note 1 Property related tax included urban real estate tax, land use right tax, urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties.

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

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

Gross income and net property income during the Reporting Year were approximately RMB1,758,732,000 (2019: RMB2,058,112,000) and RMB1,322,644,000 (2019: RMB1,494,740,000) respectively, which represented a decrease of approximately 14.5% and 11.5% respectively while comparing with 2019.

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

	2020 RMB'000	2019 RMB'000
Office (Note 1)	934,975	941,682
Wholesales (Note 1)	287,775	372,724
Retail (Note 1)	172,404	191,207
Hotel and serviced apartment (Note 2)	363,578	552,499
<b>Total</b>	<b>1,758,732</b>	2,058,112

Note 1 Due to the outbreak of the coronavirus disease 2019 ("COVID-19"), Yuexiu REIT offered temporary rental concession to certain tenants of offices, wholesales mall and retail mall.

Note 2 Due to the outbreak of the COVID-19, Four Seasons Hotel Guangzhou recorded a significant drop in its average occupancy rate and average room rate in the first half of 2020.

## FINANCIAL REVIEW

Net property income amounted to approximately RMB1,322,644,000 (2019: RMB1,494,740,000), representing approximately 75.2% (2019: 72.6%) of total gross income, after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property operating expenses. Net property income analysis is listed in the following table:

	2020 RMB'000	2019 RMB'000
Office	819,528	802,347
Wholesales	249,591	313,953
Retail	150,867	161,073
Hotel and serviced apartment	102,658	217,367
<b>Total</b>	<b>1,322,644</b>	<b>1,494,740</b>

Hotel and serviced apartment direct expenses were approximately RMB248,335,000 (including depreciation expense of approximately RMB9,977,000 incurred in connection with right-of-use asset and interest expense of approximately RMB1,189,000 incurred in connection with lease liability), a decrease of 22.0% as compared with 2019. It was mainly because of a significant decrease of occupancy rate and rental income of hotel and serviced apartment in the first half of 2020 and the Manager had implemented more stringent cost control measures in order to optimize cost savings.

Leasing agent fees decreased by approximately 7.3% as compared with 2019. It was mainly because of a decrease in rental income.

Property related tax decreased by approximately 27.8% as compared with 2019. It was mainly due to the PRC Government had provided tax relief after the rent concession provided by Yuexiu REIT to its tenants in the first half of 2020.

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

Other trust expenses decreased by approximately 38.9%. It was mainly due to an decrease of the foreign exchange loss from operation. Excluding this foreign exchange loss from operation of approximately RMB7,763,000 (2019: foreign exchange loss from operation of approximately RMB18,988,000), other trust expenses incurred for the reporting year amounted to approximately RMB16,583,000 (2019: RMB20,886,000).

Overall, the Manager's fees decreased by approximately 3.6%. The Trustee fees decreased by approximately 0.5%.

As Renminbi appreciated against Hong Kong Dollar and United States Dollar for the Reporting Year, the bank borrowings denominated in Hong Kong Dollar and United States Dollar and secured note loans denominated in Hong Kong Dollar and United States Dollar resulted in an exchange gain of approximately RMB810,900,000. Excluding this exchange factor, the finance income received for the Reporting Year amounted to approximately RMB31,985,000 (2019: RMB33,748,000).

The finance expenses incurred for the Reporting Year amounted to approximately RMB488,028,000 (2019: Excluding Renminbi exchange loss of approximately RMB243,580,000, the finance expenses was approximately RMB533,934,000). The average one-month Hong Kong Interbank Offered Rate ("HIBOR") for 2020 was lower than that of 2019 by approximately 104 basis points and led to a decrease of interest cost on the floating portion of debt.

Profit after tax before transactions with Unitholders amounted to approximately RMB587,121,000 (2019: RMB940,408,000) which represented a decrease of 37.6%, mainly due to a fair value loss on Properties valuation and a fair value loss on derivative financial instruments in the Reporting Year of 2020.

### Net Asset Value

The net assets attributable to the Unitholders per unit as at 31 December 2020 was approximately RMB4.42 (2019: RMB4.55), which represented a decrease of approximately 2.86%.

### Deferred Units

According to the offering circular in relation to the acquisition of GZIFC dated 30 June 2012, commencing from 31 December 2016, the REIT will, on 31 December of each year, issue to Yuexiu Property Company Limited ("YXP") (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to YXP (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of Yuexiu Property (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all Units not already owned or agreed to be acquired by them at the relevant time. Based on the Illustrative Financing Structure and assuming that no additional Units are issued post-Completion (other than Manager Fee Units), it is expected that all of the deferred units will be issued by 31 December 2023.

As stated in the Units Assignment Announcement, on 23 December 2020, Yuexiu Property (as assignor) entered into the Units Assignment with Yuexiu Capital Holdings Limited ("Yuexiu Capital") (as assignee), the latter being a wholly-owned subsidiary of Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"), pursuant to which Yuexiu Property as beneficial owner agreed to assign and transfer absolutely to Yuexiu Capital, and Yuexiu Capital agreed to accept, all of Yuexiu Property's rights, title, interest and benefits in and to the 2020 Deferred Units for a cash consideration.

Accordingly, on 31 December 2020, the REIT issued 62,000,000 Units (being the "2020 Deferred Units") at a price of HK\$4.00 per Unit on 31 December 2020 in partial satisfaction of the outstanding consideration from the REIT's investment in Guangzhou International Finance Center in 2012. As a result of the Units Assignment, the 2020 Deferred Units were issued to Yuexiu Capital instead of Dragon Yield or Yuexiu Property. Following the issuance of the 2020 Deferred Units, the remaining balance of deferred units were approximately 399,401,000 units.

### Financial Performance of Wuhan Properties and the Support Arrangement

The Wuhan Properties recorded actual net profit of approximately RMB87,053,000 and contributed net distribution of RMB43,829,000 after deduction of offshore financing expenses, trustee fees, Manager's Fee (approximately RMB43,224,000), etc. to Yuexiu REIT for the Reporting Year.

Moreover, based on the agreements set forth in the Circular in relation to the Acquisition of Wuhan Properties, the amounts under the Support Arrangement is RMB22,947,000 for the Reporting Year. After deducting the amount of RMB13,161,000 paid by Yuexiu Property on 6 August 2020, the balance amounting to RMB9,786,000 should be paid by Yuexiu Property within 7 business days after the announcement of Yuexiu REIT's annual result for the Reporting Year. Please refer to the Offering Circular dated 15 November 2017 for details.

### New Units Issued and Unit Activity

In respect of the partial settlement of the Manager's Fee during the relevant periods, Yuexiu REIT newly issued 14,000,000, 14,000,000 and 7,257,114 units at HK\$3.77, HK\$3.72 and HK\$3.80 on 3 April 2020, 26 August 2020 and 31 December 2020 respectively. On 31 December 2020, referring to the terms disclosed from the Circular dated 30 June 2012 and Units Assignment Announcement on 23 December 2020, Yuexiu REIT issued 62,000,000 Units at a price of HK\$4.00 per Unit to Yuexiu Capital.

As at 31 December 2020, a total of 3,303,113,665 units were issued by Yuexiu REIT.

## FINANCIAL REVIEW

The Unit price of the Yuexiu REIT reached a high of HK\$5.35 and a low of HK\$3.20 during the Reporting Year. The average trading volume amounted to approximately 3,604,000 Units per day during the Reporting Year (2019: approximately 3,785,000 Units).

The closing price of the Units as at 31 December 2020 was HK\$3.78, represented a discount of approximately 28.00% as compared to the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2020.

## CAPITAL AND FINANCIAL STRUCTURE

Group's borrowings are as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Bank borrowings and notes		
Denominated in RMB	1,552,840	1,821,280
Denominated in HKD	9,840,059	9,649,445
Denominated in USD	2,607,901	2,781,674
Total bank borrowings and notes	14,000,800	14,252,399
Maturity analysis		
Within one year	3,307,488	3,217,958
Two to five year	10,442,312	10,555,361
Beyond five year	251,000	479,080
The effective interest rate (per annum) of the borrowings and notes at the balance sheet day		
RMB	4.31%	4.31%
HKD	2.28%	3.95%
USD	4.99%	4.99%

The overall interest rate per annum of the borrowings and notes at the balance sheet day is 3.01% (2019: 4.20%). The average interest rate was approximately 3.35% (2019: 3.82%) for the year.

In 2020, the Manager adopted a series of liquidity management measures. It managed the annual interest rate at a reasonable level and has been alert of the foreign exchange risk.

As at 31 December 2020, Capped Forward hedging was applied to certain foreign bank loans to fix the RMB exchange rate. The total hedged loan amount is approximately RMB5,196,422,000 (2019: RMB3,297,227,000).

As at 31 December 2020, Yuexiu REIT held certain hedging financial derivatives with a fair value liabilities of RMB353,502,000 (2019: fair value assets of RMB42,126,000).

On 31 October 2019, Yuexiu REIT, through its SPV's company, entered into a facility agreement with certain lending banks in connection with HK\$5,200,000,000 term loan facilities. The term loan facilities included 1) three-year unsecured and floating rate of HK\$3,100,000,000 ("HK\$3.1Billion Loan Facility") and 2) five-year unsecured and floating rate of HK\$2,100,000,000 (HK\$2.1Billion Loan Facility"). On 7 November 2019, the HK\$3.1Billion Loan Facility was drawn down and used for repayment of certain matured HK\$ bank loan facility. The HK\$2.1Billion Loan Facility was drawn down for repayment of certain matured HK\$ bank Loan Facility in April 2020.

On 15 December 2020, Yuexiu REIT, through its SPV's company, entered into a facility agreement with certain banks in connection with a three-year unsecured and floating rate term loan facility of HK\$2,000,000,000. On 21 December 2020, the loan was drawn down for repayment of certain matured HK\$ bank Loan Facility and general corporate purpose.

As at 31 December 2020, total borrowings of Yuexiu REIT amounted to approximately RMB14,000,800,000 (calculation of total borrowings based on bank loan and other borrowings, excluding capitalization of debt-related expenses), representing approximately 38.6% of total assets of Yuexiu REIT. The gearing ratio was below the maximum borrowing limit of 50% (which was amended in December 2020) as stipulated in the REIT Code.

As at 31 December 2020, total liabilities of Yuexiu REIT (excluding net assets attributable to the Unitholders) amounted to approximately RMB20,487,471,000, representing approximately 56.5% of total assets of Yuexiu REIT.

## CASH POSITION

Cash and cash equivalents and short-term bank deposits of Yuexiu REIT as at 31 December 2020 amounted to approximately RMB1,825,630,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

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

## ACCOUNTING TREATMENTS

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

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

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

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

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

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

## FINANCIAL REVIEW

### SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

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

### REAL ESTATE AGENTS ENGAGED BY YUEXIU REIT

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

During the Reporting Year, Yuexiu REIT paid/payable service fees to Yicheng, Baima BM and GZAM in the amounts of RMB16,617,000, RMB8,633,000 and RMB18,723,000 respectively.

### REPURCHASE, SALE OR REDEMPTION OF UNITS

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

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

### EMPLOYEES

As at 31 December 2020, Yuexiu REIT employed 574 and 126 employees in China for hotel operation through its branch companies and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of services for hotel and serviced apartments.

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

### REVIEW OF FINANCIAL RESULTS

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

### CORPORATE GOVERNANCE

Article A.2.1 of the Corporate Governance Code required that the roles of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. At present, Mr. Lin Deliang is also the Chairman and Chief Executive Officer of the Manager. This structure was considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also did not believe that the current structure of a single Chairman and Chief Executive Officer will compromise the balance of power and authority between the board and the company's management.

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

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

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

## **ISSUANCE OF ANNUAL REPORT**

The annual report of Yuexiu REIT for the Reporting Year will be dispatched to the Unitholders on or before 30 April 2021.

## **ANNUAL GENERAL MEETING**

The Manager proposed that the annual general meeting of Yuexiu REIT for the Reporting Year to be held on 27 May 2021. Notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT SUMMARY

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

Yuexiu REIT is managed by the Manager who in turn has delegated the functions of leasing and marketing all properties to Baima BM, Yicheng, and GZAM (Yuexiu REIT, the Manager and parties who have been delegated functions are collectively referred to as “we” hereinafter, as and when the context requires). While maintaining a leading position in the capabilities of asset appreciation, business operation and capital operation, we adhere to the concept of sustainable development, and set up three sustainable development principles: win-win development, green development, and inclusive development.

We have built a sustainable development framework. The Board of Directors guides and supervises the sustainable development and is responsible for ESG management and disclosure. The Sustainability Steering Group has been established at the management level, and the Sustainability Working Group and the Sustainability Teams of Properties have been established at the executive level. We integrate environmental protection and social responsibility into our development strategy and business operations and actively focus on stakeholders’ expectations in the environmental, social, and governance fields to achieve qualitative, effective, and sustainable growth.

We consider government and regulators, media, unit-holders and potential investors, tenants, customers, employees, suppliers, and local communities as our main stakeholders. To achieve the goal of sustainable development, we give back to the stakeholders through a series of measures, including carrying out asset appreciation projects and service innovation to improve customer satisfaction and trust; improving employee care policy to create a safe, fair, inclusive, and open working environment; taking effective measures for energy conservation, emission reduction, and waste disposal to reduce the impact of property operation on the social environment; advocating public charity and poverty alleviation activities to help the groups in society who are in need.

We conduct a multi-directional risk assessment and materiality analysis around the ESG issues. Through the analysis of regulatory requirements, media research, peer benchmarking, questionnaire survey and field investigation of the properties, we review and obtain important issues, which are the basis for the preparation of Environmental, Social, and Governance Report to ensure the reasonable disclosure of ESG-related information. In this year, the business nature and asset scale of Yuexiu REIT did not changed significantly. Therefore, based on the evaluation results of previous years, the Manager conducted an issue review with the assistance of professional consultants and with the integration of the latest concerns of the stakeholders, then concluded the material issues in 2020 which have been submitted to the Board of Directors for deliberation and approval. We have further enhanced the importance of energy consumption management, resource utilization, and tackling climate change to respond to the national requirements for green development actively.

For more information on Yuexiu REIT’s performance in environment, society, and governance this year, please refer to the Environmental, Social, and Governance Report 2020 which will be released independently. After release, the report can be viewed or downloaded from the Yuexiu REIT website or the website of the Stock Exchange of Hong Kong.

# PROPERTY PORTFOLIO

## OVERVIEW OF THE PROPERTIES

The property portfolio of Yuexiu REIT comprises eight high-quality properties, namely White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Yue Xiu Tower, Wuhan Properties and Hangzhou Victory.

## LOCATION OF THE PROPERTIES

The Properties of Yuexiu REIT are located in the core business districts ("CBD") of Guangzhou, Shanghai, Wuhan and Hangzhou, the PRC. In particular, the White Horse Building is located in the Liuhua business and exhibition area of Guangzhou, adjacent to Guangzhou Railway Station with a diversity of wholesale markets specializing in apparels, shoes and leatherware in the surrounding areas. Fortune Plaza, City Development Plaza and Victory Plaza are located in the north end of the Guangzhou Tianhe CBD, which is located on the new axis of Guangzhou and being one of the top three CBDs in China approved by the State where prime grade-A office buildings are concentrated, with highly concentrated metro line networks, convenient transportation, established and sound ancillary facilities. GZIFC is located at the core financial business district of the Zhujiang New Town which is located on the new axis of Guangzhou, and enjoys favorable geographical advantages, with well-developed commercial and thriving cultural activities in the surrounding areas integrating natural landscape and arts of the new town center, which is the new icon of Guangzhou City. Yue Xiu Tower is located at 388 Fushan Road, Pudong New District, Shanghai Municipality, PRC and only 2 kilometres away from the Little Lujiazui central district. Due to its convenient traffic conditions, Yue Xiu Tower can be reached by various rail transit lines in the vicinity and is adjacent to the intersection of metro lines 2, 4, 6 and 9. Wuhan Yuexiu Fortune Centre and Starry Victoria Shopping Center, located in Hankou Riverside Business District in Wuhan, the capital of Hubei Province, Central China, enjoy high transport accessibility as they are directly connected to Metro Line 1 and the planned Metro Line 10. Hangzhou Victory is located in Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, PRC, enjoys high transport accessibility as the two metro stations, within a walking distance to Sanbao Station and Yudao Station, are adjacent to the intersection of two metro lines (line 6 and line 9) and one airport express line.

# PROPERTY PORTFOLIO

## LOCATIONS MAP OF PROPERTY



- WHITE HORSE BUILDING
- CITY DEVELOPMENT PLAZA
- VICTORY PLAZA
- FORTUNE PLAZA
- GUANGZHOU IFC
- SHANGHAI YUE XIU TOWER
- YUEXIU FORTUNE CENTRE AND STARRY VICTORIA SHOPPING CENTRE
- HANGZHOU VICTORY BUSINESS CENTER



# 廣州 GUANGZHOU



# PROPERTY PORTFOLIO



WUHAN YUE XIU  
FORTUNE CENTRE  
AND STARRY  
VICTORIA  
SHOPPING  
CENTRE




HANGZHOU  
VICTORY  
BUSINESS  
CENTER




SHANGHAI  
YUE XIU  
TOWER




GUANGZHOU  
INTERNATIONAL  
FINANCE  
CENTER




CITY  
DEVELOPMENT  
PLAZA




FORTUNE  
PLAZA




WHITE  
HORSE  
BUILDING

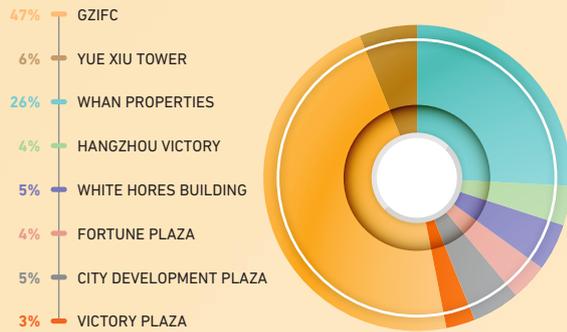


VICTORY  
PLAZA



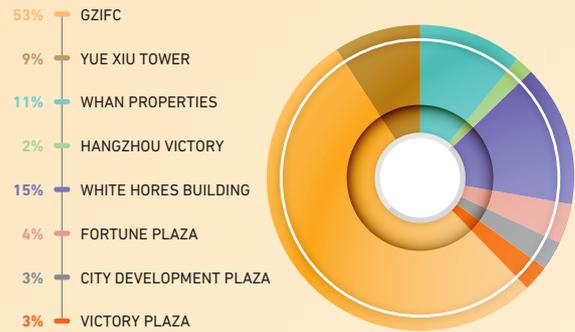
## AREA OF PROPERTIES

The property portfolio of Yuexiu REIT has an area of ownership of 973,001.4 sq.m. and a rental area of 632,915.1 sq.m. As at 31 December 2020, the overall occupancy rate of the property portfolio was 92.8%.



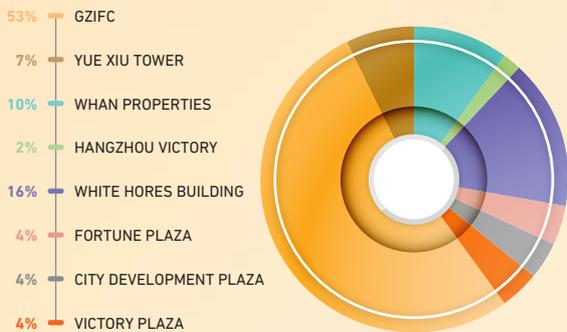
## PROPERTY VALUATION

According to the valuation report issued by Colliers International (Hong Kong) Limited, the property portfolio of Yuexiu REIT was valued at a total value of RMB34.488 billion as at 31 December 2020.



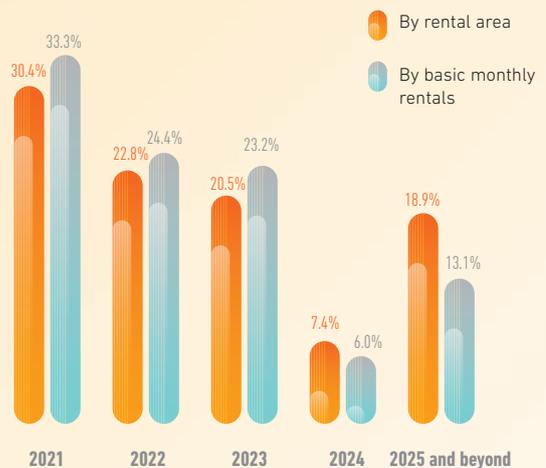
## OPERATING INCOME GENERATED BY THE PROPERTIES

In 2020, Yuexiu REIT recorded a total annual operating income of RMB1.7587 billion.



## LEASE EXPIRY OF THE PROPERTIES

In terms of rental area in the next five years and beyond, the proportion of lease expiry of the Properties for each year will be 30.4%, 22.8%, 20.5%, 7.4% and 18.9% respectively. In terms of basic monthly rentals, the proportion of lease expiry for each year will be 33.3%, 24.4%, 23.2%, 6.0% and 13.1% respectively.



## PROPERTY PORTFOLIO

# GUANGZHOU TIANHE DISTRICT

# GUANGZHOU IFC



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

The property is in an excellent location of the core CBD which is on the axis of Guangzhou, where the No. 3 and No. 5 Metro Lines and the passenger automatic transportation system (APM) intersect. It is 45 minutes from Guangzhou Baiyun International Airport, 40 minutes from Guangzhou South Railway Station, 10 minutes from Guangzhou East Railway Station, 45 minutes from Nansha Expressway, and 15 minutes from Pazhou convention and exhibition business district, facilitating quick and easy business connection.

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





**GZIFC - A GLOBAL BUSINESS  
LEADER AND GUANGDONG-  
HONGKONG-MACAU GREATER  
BAY AREA URBAN LANDMARK  
COMPLEX**

## PROPERTY PORTFOLIO



**GUANGZHOU  
TIANHE DISTRICT**

# GUANGZHOU IFC - OFFICE



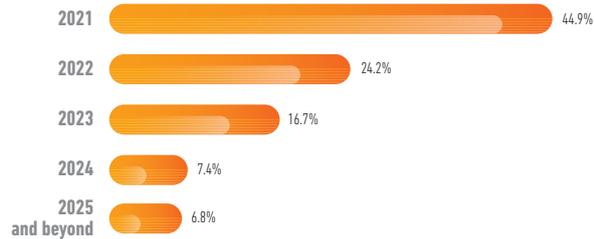
The main tower of the property is 432 meters tall, being one of the world's top ten skyscrapers. The property is designed by the renowned architectural firm, Wilkinson Eyre Architects, and its structural works are undertaken by Arup. The property won the "Highly Commended Mixed-use Project" Award of the International Property Awards at the Asia Pacific Presentation Ceremony in 2012, and the honour of "The Most Outstanding Architecture outside the European Union" awarded by the Lubetkin Prize granted by the Royal Institute of British Architects (RIBA) in a global competition during the same year. The property also won the Lu Ban Award in 2013, representing the highest honour in quality management and engineering level in the construction industry of China. In 2017, it became a super high-rise landmark building granted the LEED V4 standard platinum level certification for the operation stage. It obtained BOMA CHINA COE certifications in 2019 and BOMA 360 Performance Program certification in 2020, becoming the first REITs asset program that won both BOMA COE and BOMA 360 certifications in the Asia Pacific region.

The offices of Guangzhou IFC are on the 4th to 65th floors of the main tower. It has a gross floor area of 268,000 sq.m. and commenced operation in July 2011. As an iconic building and a landmark in southern China, Guangzhou IFC has attracted many multinational companies and renowned enterprises to lease its office space. Currently its tenants include renowned companies such as Zurich General Insurance, FAW-Volkswagen, SFUND, China Export & Credit Insurance, Dow Chemical, Bank of America, Société Générale, JD Allianz Insurance, Bank of Taiwan, Wing Lung Bank, The British Consulate, ChinaAMC, Harvest Fund, Youngy Group, AON, Lucent Shanghai Bell, Biostime, The Portuguese Consulate, The Panamanian Consulate, BSH Home Appliances, China Financial Leasing, Ping An Merchants, Bank of China, China Construction Bank, Agricultural Bank of China, Mitsubishi Electric, Zhuhai Huafa, GLP, DassaultSystemes, AllBright Law Offices, Hyundai Insurance, CCB Fintech, Chongqing Trust, Jinkpower, Ji Wenbo Design and Mango TV.



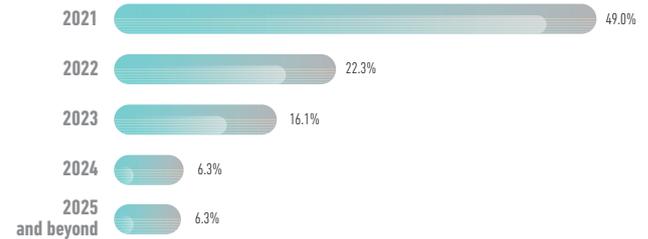
## LEASE EXPIRY OF THE OFFICES

(by rental area)

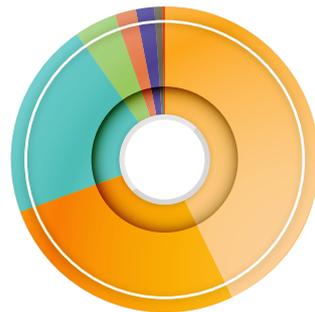
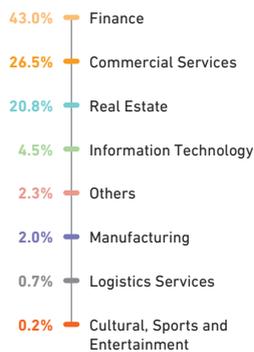


## LEASE EXPIRY OF THE OFFICES

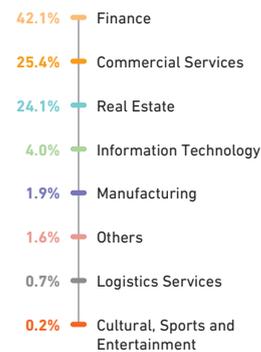
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF OFFICES TENANTS BY RENTAL AREA



## INDUSTRY COMPOSITION OF OFFICES TENANTS BY BASIC MONTHLY RENTALS



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Mixed	31.3%	25.3%
Guangzhou Industrial Investment Fund and its subsidiaries	Finance	8.2%	7.8%
China Export Credit Insurance Corporation Guangdong Branch	Finance	3.2%	3.4%
CCB Fintech	Finance	3.2%	3.8%
Youngy Group and its subsidiaries	Finance	2.0%	2.0%
Biostime Inc. Guangzhou	Manufacturing	1.8%	1.9%
Guangzhou Dabexiang Technology Co., Ltd.	Commercial Services	1.4%	1.8%
Wing Lung Bank Ltd Guangzhou Branch	Finance	1.4%	1.5%
CITIC Securities South China Company Limited	Finance	1.3%	1.7%
China Science & Merchants Capital Management and its subsidiaries	Finance	1.2%	1.3%
<b>Total</b>		<b>55.0%</b>	<b>50.5%</b>

PROPERTY PORTFOLIO



**GUANGZHOU  
TIANHE DISTRICT**

**GUANGZHOU  
IFC -  
SHOPPING  
MALL**



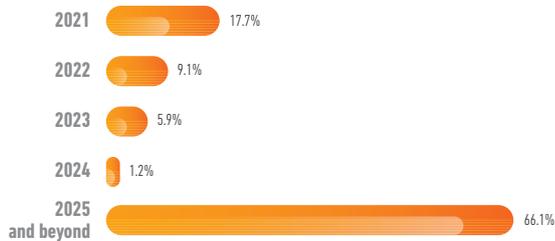
The shopping mall occupies a total of six floors of the podium. It has a gross floor area of 47,000 sq.m. and commenced operation in November 2010.

As of 31 December 2020, the occupancy of the shopping mall was 97.3%, and the unit rental price was RMB151.5 per sq.m. per month.



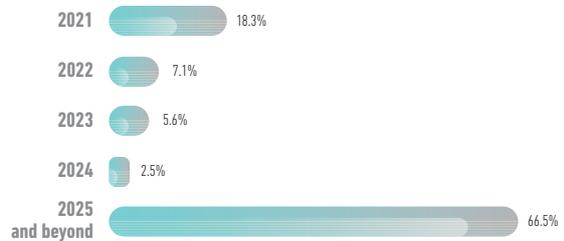
**LEASE EXPIRY OF THE OFFICES**

(by rental area)

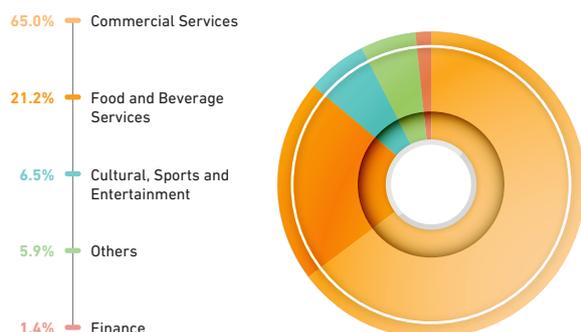


**LEASE EXPIRY OF THE OFFICES**

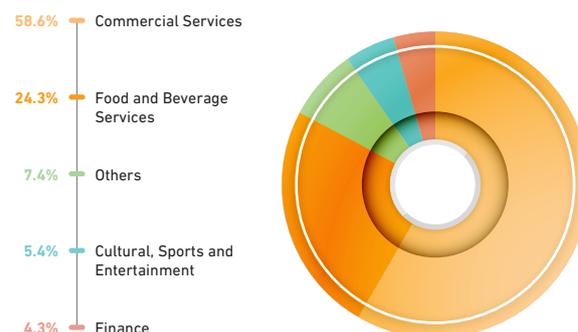
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF SHOPPING MALL TENANTS BY RENTAL AREA



## INDUSTRY COMPOSITION OF SHOPPING MALL TENANTS BY BASIC MONTHLY RENTALS



## TOP 10 OFFICE TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Friendship Group Co., Ltd.	Commercial Services	40.1%	58.4%
Guangzhou Nio Sales and Service Co., Ltd	Commercial Services	9.9%	2.4%
Yuexiu Group and its subsidiaries	Food & Beverage	7.4%	5.9%
Harvest Fund Management Co., Ltd.	Finance	4.3%	1.4%
Welcom Fitness Management Consulting (Guangzhou) Co., LTD	Culture, Sports and Entertainment	2.6%	3.5%
Guangzhou Jinlong Catering Management Co., Ltd/ Guangzhou Jinlong Culture Technology Co., Ltd	Culture, Sports and Entertainment	2.5%	2.7%
Guangzhou Guojin TaoTaoJu Catering Management Limited	Food & Beverage	2.5%	4.3%
眾聯天下汽車銷售服務有限公司	Commercial Services	2.1%	0.5%
廣州市路騏汽車銷售有限公司	Commercial Services	2.0%	0.4%
Youyue Restaurant of Zhujiang New Town, Tianhe District, Guangzhou	Food & Beverage	1.9%	2.3%
<b>Total</b>		<b>75.3%</b>	<b>81.8%</b>

## PROPERTY PORTFOLIO



**GUANGZHOU  
TIANHE DISTRICT**

# GUANGZHOU IFC - FOUR SEASONS HOTEL GUANGZHOU



Four Seasons Hotel Guangzhou is entrusted to Four Seasons Group, the world-famous hotel brand management company, for operation and management. The hotel occupies the 68th to 100th floor of the main tower of Guangzhou International Finance Center, and the 1st to 5th floor (partial) of the podium, with a gross floor area of about 91,000 sq.m.

Four Seasons Hotel Guangzhou provides comprehensive service support, including conference and banquet facilities with a gross floor area of approximately 14,000 sq.m., CATCH (Asia-flavor seafood restaurant) on the 100th floor, Tian Bar on the 99th floor, Kumoi (Japanese restaurant) and Caffè Mondo (Italian buffet) on the 72nd floor, the Yu Yue Heen (one Michelin star Chinese restaurant) on the 71st floor, the Atrium on the 70th floor, Dolcetto Cafe on the first floor, and Hua Spa (a SPA clubhouse, a sky swimming pool and a fitness center) on the 69th floor. There is a grand tapering atrium rising from 70th through 100th floor. There is also a reception hall on the 1st floor of the hotel lobby to provide guests with convenient and efficient concierge services.

Four Seasons Hotel Guangzhou, which has been awarded "Forbes Hotel Guide Five-star Hotel" by Forbes Travel Guide for six consecutive years, adheres to its consistent objectives of making guests feel at home, creating an exclusive and prestigious experience for every honourable guests with our most attractive and quality services.

	<b>Date of inception</b>	<b>Area of ownership</b>	<b>Number of rooms</b>	<b>Average occupancy rate</b>	<b>Average room rate (RMB/night)</b>	<b>RevPAR (RMB/night)</b>
Four Seasons Hotel Guangzhou	August 2012	91,460.9	344	57.3%	1,769	1,013

GUANGZHOU  
TIANHE DISTRICT



## GUANGZHOU IFC - ASCOTT IFC GUANGZHOU

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

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



	Date of inception	Area of ownership	Number of rooms	Average occupancy rate	Average room rate (RMB/night)	RevPAR (RMB/night)
Ascott IFC Guangzhou	September 2012	51,102.3	314	82.2%	979	804

## PROPERTY PORTFOLIO

GUANGZHOU  
YUEXIU DISTRICTWHITE HORSE  
BUILDING

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

More than 1,000 fashion manufacturers from various regions across the country congregate in the Guangzhou White Horse Apparel Market. The Market is mainly engaged in medium- to-high end fashionable men's and women's branded apparel and adheres to the competitive advantages featuring "Original Brands, High Quality Products, Primary Source of Goods and Manufacturers' Direct Sales". 80% of the tenants in the Market operate their own factories and are capable of independent product R&D and manufacturing. Their products are widely popular worldwide, covering over 30 provinces, municipalities and autonomous regions in the PRC, as well as over 70 countries and regions such as the United States, Russia, the Middle East, Southeast Asia and Western Europe. The Market has an average daily traffic flow of 40,000 customers with an annual trading amount of over RMB10 billion.



州白馬服裝市場





**WHITE HORSE BUILDING – TOP  
10 CHINA APPAREL WHOLESALE  
MARKET AND MEDIUM-TO-  
HIGH END ORIGINAL APPAREL  
PROCUREMENT CENTRE**

## PROPERTY PORTFOLIO



**GUANGZHOU  
YUEXIU DISTRICT**

# WHITE HORSE BUILDING



Guangzhou White Horse Apparel Market made timely use of Internet resources to provide free WIFI services across the Market. The WeChat of Guangzhou White Horse Apparel Market (WeChat ID: BAIMA\_MARKET) has been created to concurrently provide purchasers with the latest fashion information and recommendation of superior brands and sources of goods, which creates limitless business opportunities through mobile phones. Meanwhile, the market provides more comprehensive information services for merchants by actively exploring the new media image-text short video marketing model.

After years of cultivation and development, the Guangzhou White Horse Apparel Market has become a bellwether in the wholesale industry of garments in the country, and has won various recognition and awards, such as the Top 10 Professional Markets of Fashion in China, CNTAC Product Development and Promotion Award, the First Incubation Bases for Fashion Brands in China, National Civilized Market, Guangdong Civilized Market, Guangdong Fashion Apparel International Purchase Centre, Guangdong Famous Brand, Leading Enterprise in Guangdong Modern Wholesale Market, China E-Commerce Modelling Enterprise, 2013-2014 Top 100 E-Commerce Enterprises in Guangdong, 2018 Silk Road Textile Industry Influence Innovation Market, The Most Influential Brand Market in China Over The Past 40 Years of Reform and Opening-Up, Chinese Apparel Brand Incubation Base Service Model, 2019 Guangdong Apparel Industry Benchmarking Professional Market and Special Innovation Award of Fashion Trendy of 2020 China Textile and Apparel Dealers Award (2020年中國紡織服裝流通大獎時尚引領特別創新獎).

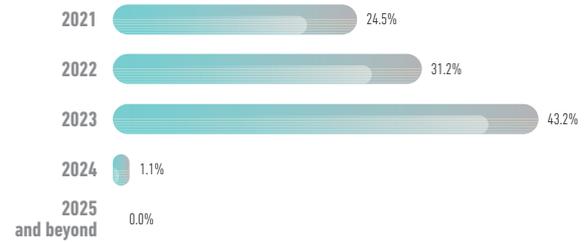
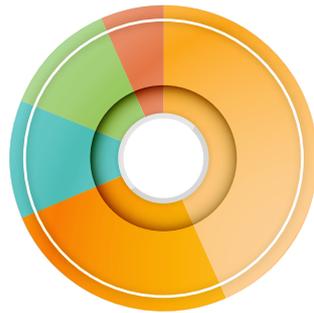
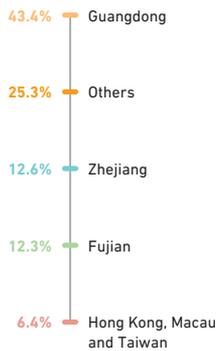
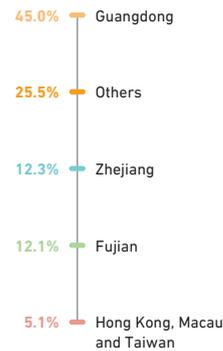


**LEASE EXPIRY**

(by rental area)

**LEASE EXPIRY**

(by basic monthly rentals)

**GEOGRAPHICAL DISTRIBUTION OF TENANTS BY RENTAL AREA****GEOGRAPHICAL DISTRIBUTION OF TENANTS BY BASIC MONTHLY RENTALS****TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)**

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Li Tie	Commercial services	1.5%	0.9%
Wang Jiang	Commercial services	1.0%	1.0%
Li Yong	Commercial services	0.9%	0.8%
Huang Zhiqiang	Commercial services	0.9%	0.5%
Lv Li	Commercial services	0.7%	0.5%
Guo Qingrang	Commercial services	0.7%	0.5%
Xie Lina	Commercial services	0.6%	0.8%
Li xinyou	Commercial services	0.6%	0.5%
Xu Qingquan	Commercial services	0.6%	0.6%
Chen Jiaquan	Commercial services	0.6%	0.6%
<b>Total</b>		<b>8.1%</b>	<b>6.7%</b>

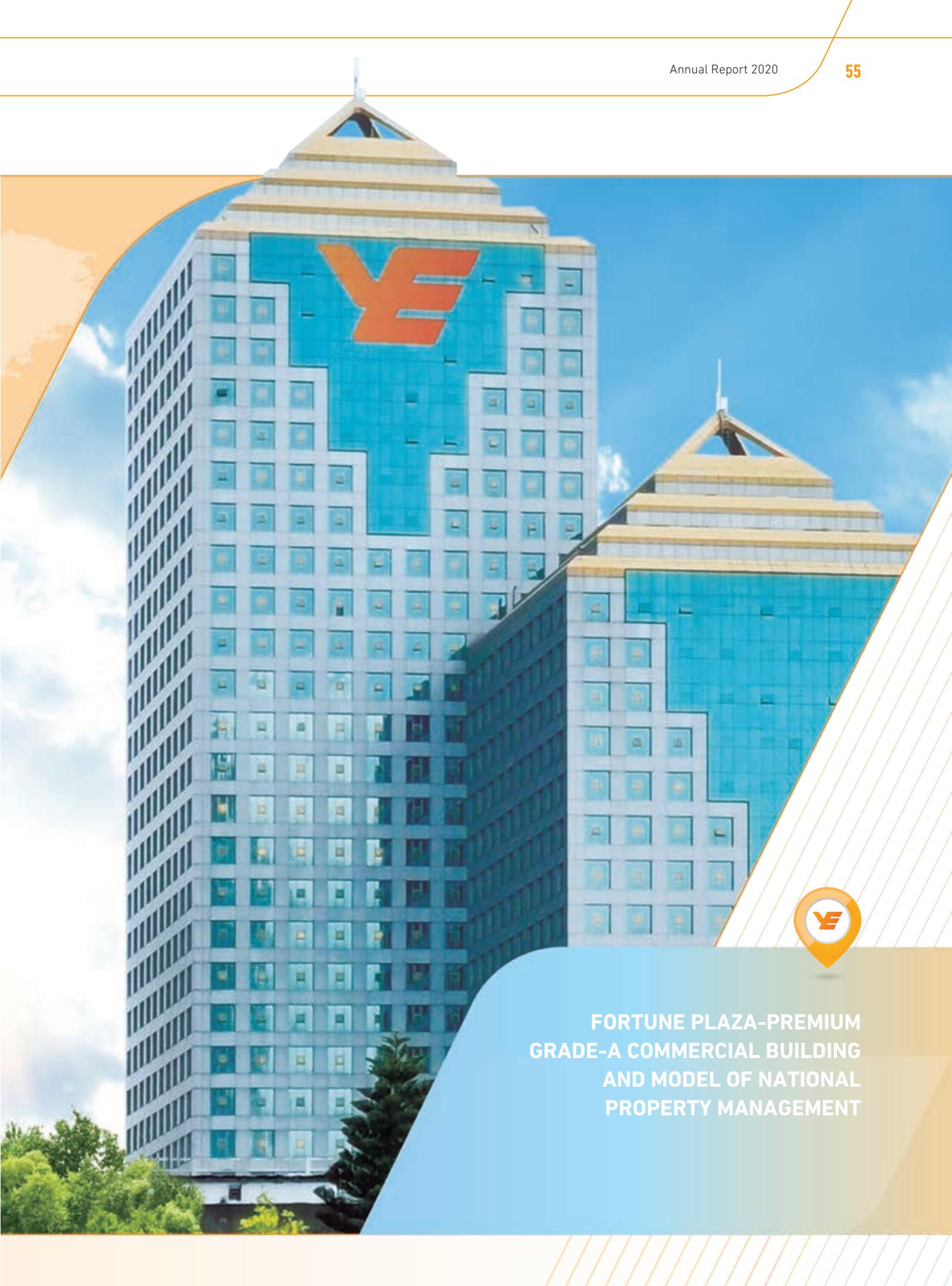
## PROPERTY PORTFOLIO

# GUANGZHOU TIANHE DISTRICT

# FORTUNE PLAZA



Located on Ti Yu Dong Road which is known as the “Guangzhou Wall Street”, and also at the heart of the Tianhe CBD, Fortune Plaza is a property erected above the Tianhe Sports Center Station, which is the interchange of metro lines No. 1 and 3 with various public transport stations. It is easily accessible and adjacent to two important business districts, being Zhujiang New Town in the south and Tianhe North in the north, benefiting greatly from its geographical advantages with many restaurants, recreational and living ancillary facilities in its adjacent areas. This project has a total gross floor area of over 80,000 sq.m. comprising a 2-storey underground carpark, a 6-storey commercial podium, a single-storey hanging garden clubhouse and 2 grade-A office towers with 26 storeys and 36 storeys respectively, which are among the few intelligent 5A Grade-A office buildings purely for office use in the Tianhe CBD business circle in Guangzhou. Inside the building, there are banks, a business center, a large conference center, convenience stores and a grand clubhouse, which provide all-round and convenient ancillary business services for business people in the building.



**FORTUNE PLAZA-PREMIUM  
GRADE-A COMMERCIAL BUILDING  
AND MODEL OF NATIONAL  
PROPERTY MANAGEMENT**

## PROPERTY PORTFOLIO



**GUANGZHOU  
TIANHE DISTRICT**

# FORTUNE PLAZA

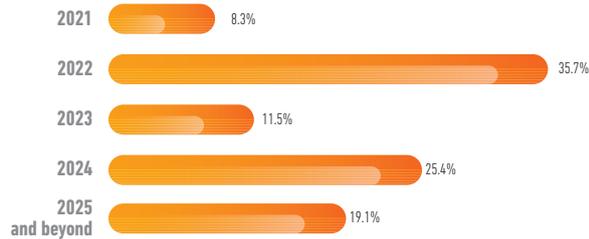


As an iconic building and landmark in the Tianhe CBD of Guangzhou, Fortune Plaza is the top choice for renowned companies. The property has been recognized as the "Model of National Property Management" and Building Sustainability Authentication Flag (樓宇可持續發展指數驗證標誌) and is well received by customers in the industry. The existing tenants of Fortune Plaza include many famous enterprises, such as Chevron, Citibank, AEON Group, CITS American Express, COSCO Shipping, Hanwha Chemical, Publicis Group, Swatch Group, Ping An Bank, Wanglaoji, Nikon Imaging, Baleno and Master Meditech, Guangfa Bank, Yaeher Healthcare, Dongguan Securities.

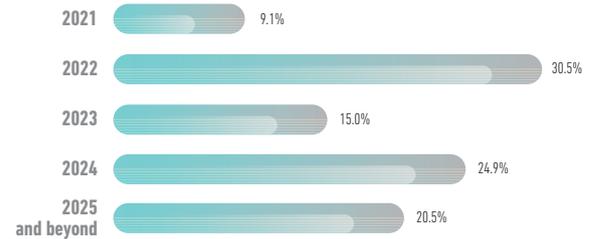
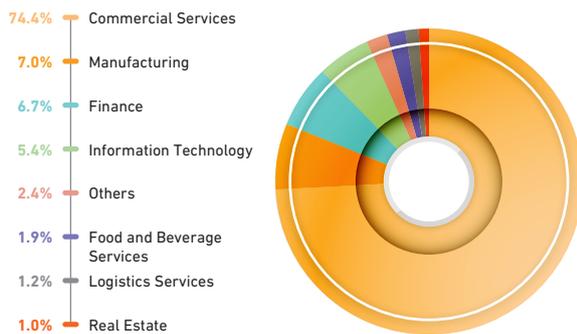
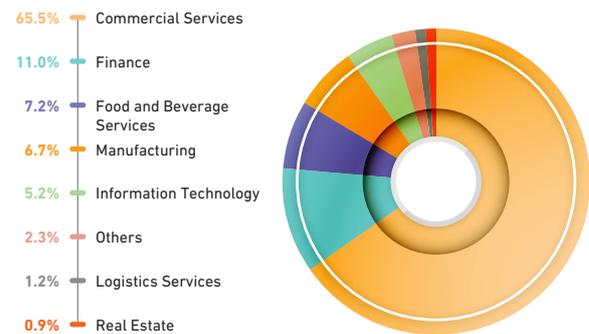


**LEASE EXPIRY**

(by rental area)

**LEASE EXPIRY**

(by basic monthly rentals)

**INDUSTRY COMPOSITION OF TENANTS BY RENTAL AREA****INDUSTRY COMPOSITION OF TENANTS BY BASIC MONTHLY RENTALS****TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)**

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Friendship Baleno Company Limited	Commercial Services	10.4%	10.6%
Guangdong AEON Teem CO., Ltd	Commercial Services	7.9%	10.6%
Shenzhen Qianhai Qimeng Space Investment Co., Ltd.	Commercial Services	4.1%	5.0%
Guangzhou Shenshenfu Catering Management Co., Ltd.	Commercial Services	3.7%	0.6%
Guangdong Development Banking Co., Ltd. Guangzhou Branch	Finance	3.4%	1.7%
Guangdong Guohui Law Firm	Commercial Services	3.3%	3.4%
Saatchi & Saatchi Guangzhou Yuexiu Branch	Commercial Services	3.0%	3.3%
Ping An Bank Co., Ltd. Guangzhou Branch	Finance	2.8%	2.0%
上海納沙泰爾手錶服務中心有限公司廣州分公司	Commercial Services	2.5%	2.5%
廣州市城建開發集團名特網絡發展有限公司	Information Technology	2.5%	2.5%
<b>Total</b>		<b>43.6%</b>	<b>42.2%</b>

## PROPERTY PORTFOLIO

GUANGZHOU  
TIANHE DISTRICTCITY  
DEVELOPMENT  
PLAZA

Located at the junction of Tianhe North Road and Tiyu West Road, City Development Plaza is facing Tianhe Sports Center and is adjacent to landmark buildings such as CITIC Tower and Victory Plaza. With bus stops within easy reach, it is just a 5-minute walk from Linhexi Station of the Metro Line No.3 and Automatic Passenger Mover System and has many restaurants and ancillary facilities in its adjacent areas. City Development Plaza has a total gross floor area of over 70,000 sq.m., comprising a 2-storey underground car park, a 4-storey commercial podium and a 28-storey high-end office building. With a uniquely large green area square of 5,000 sq.m., it provides a super large area for holding events by its business and office customers, it is a commercial complex integrating office, finance, business and food and beverage functions. In 2018, it was awarded the Building Sustainability Authentication Flag (樓宇可持續發展指數驗證標誌).



**CITY DEVELOPMENT PLAZA-  
PREMIUM GRADE-A COMMERCIAL  
BUILDING MODEL OF NATIONAL  
PROPERTY MANAGEMENT**

柯尼卡美能达

## PROPERTY PORTFOLIO



**GUANGZHOU  
TIANHE DISTRICT**

# CITY DEVELOPMENT PLAZA

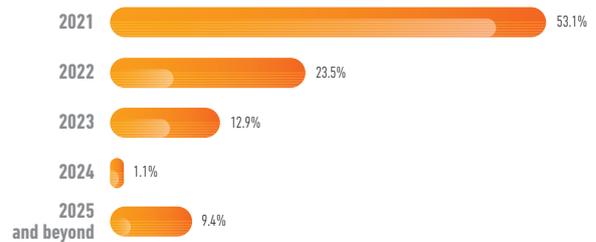


Existing tenants of City Development Plaza include many famous enterprises, such as Efund, SPD Bank, Guangfa Bank, Taikang Life, General Mills, Wangsu Science & Technology, Cinda Securities, Spectris and Covance, and visa centres for several countries such as the U.K., Canada and Australia were set up in its podium.



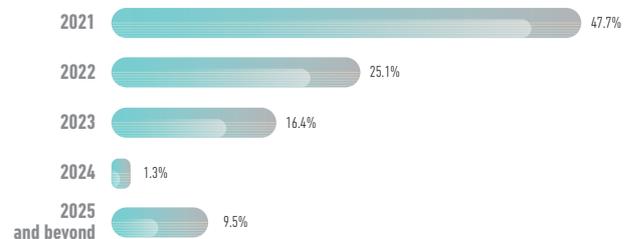
## LEASE EXPIRY

(by rental area)

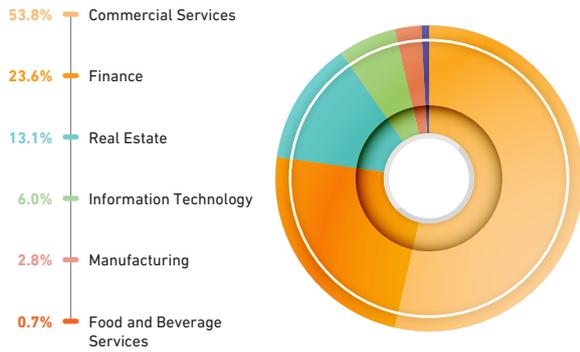


## LEASE EXPIRY

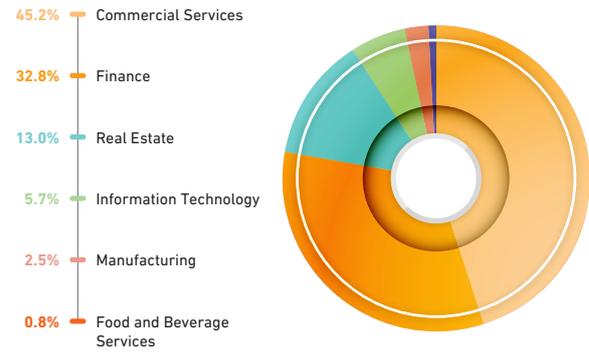
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF TENANTS BY RENTAL AREA



## INDUSTRY COMPOSITION OF TENANTS BY BASIC MONTHLY RENTALS



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Wisevalley Development Co., Ltd.	Commercial Services	12.0%	19.1%
Shanghai Pudong Development Bank, Guangzhou Branch	Finance	11.1%	3.6%
廣州越秀興業地產代理有限公司	Real estate	9.4%	9.3%
Efund Management Co., Ltd.	Finance	9.2%	9.0%
廣州歐西科技服務有限公司	Commercial Services	5.0%	5.6%
世紀美尚(廣州)化妝品有限公司	Commercial Services	3.8%	4.4%
Guangdong Development Banking Co., Ltd. Guangzhou Branch	Finance	3.5%	1.4%
Taikang Life Insurance Co., Ltd. Guangdong Branch	Finance	3.4%	3.6%
廣州悦秀智訊科技信息諮詢有限公司	Information Technology	3.2%	3.1%
Wangsu Science & Technology Co., Ltd. Guangzhou Branch	Information Technology	2.7%	2.8%
<b>Total</b>		<b>63.3%</b>	<b>61.9%</b>

## PROPERTY PORTFOLIO

# GUANGZHOU TIANHE DISTRICT

# VICTORY PLAZA



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

Its shopping mall is positioned as an “Youth New Home” and was renamed as “VT101” on 28 September 2014. It features fashionable, young, LOHAS and trendy lifestyle. Its shopping mall focuses on young people, students, white collars and young families as the target customers to build a cluster of flagship stores in the business circle of Tianhe road through the introduction of the first store brand of Guangzhou and personalized flagship stores with homogenous branding.

It has introduced tenants including Uniqlo’s largest and latest flagship store in southern China, Guangzhou McDonald’s first future canteen flagship store, GU’s first flagship store in southern China, The Colorist, 7-Eleven and Bestore, YO!TEA, Tai Er, YE&CO, Lao Xiang Cun, supafama 農場西餐, COLINMINT, and Cheng Sushi. It has integrated fast fashion, global trend, culture and creativity, and art space.





**VICTORY PLAZA – AN EXPERIENCE  
SHOPPING MALL AND FASHION  
TREND “HOLY LAND”**

PROPERTY PORTFOLIO

**GUANGZHOU  
TIANHE DISTRICT**

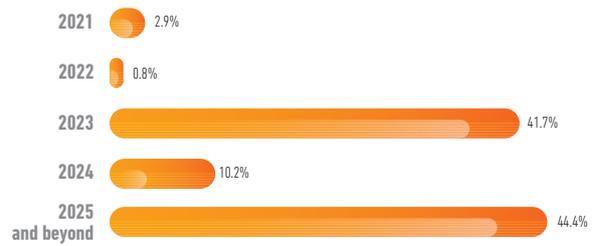
**VICTORY  
PLAZA**



In 2019, Victory Plaza won many prestigious awards including the "Best Popularity Award" by the Tianhe Road Chamber of Commerce in Tianhe District of Guangzhou, the "Star of the Originality Services" by the Tianhe Road Business Circle Management Committee, the "Good City Love Unit" by Guangzhou Charity Association. In 2020, Victory Plaza was awarded the "2nd China Commercial Property Planning Festival i.e. 3rd Golden Light Awards Ceremony" (第二屆中國商業地產企劃節暨第三屆金燈獎頒獎盛典), and awarded "Golden Light Award - Excellent Scene Award" (金燈獎卓越場景獎) for three successive years which represents the influence of decoration in China.

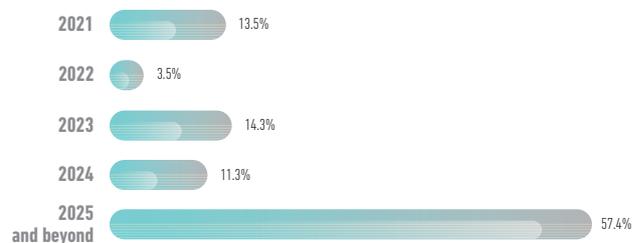
**LEASE EXPIRY**

(by rental area)

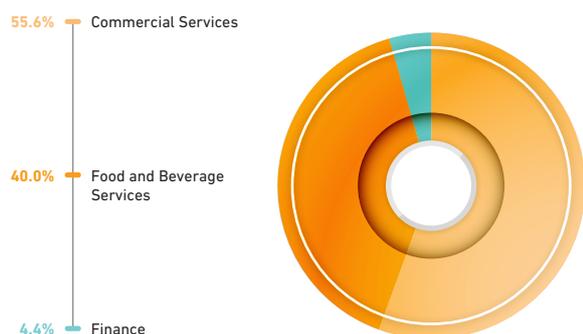


**LEASE EXPIRY**

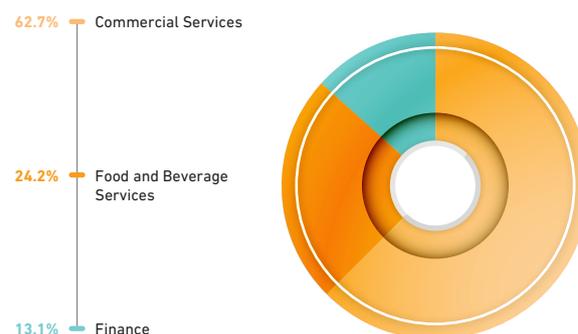
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF TENANTS BY RENTAL AREA



## INDUSTRY COMPOSITION OF TENANTS BY BASIC MONTHLY RENTALS



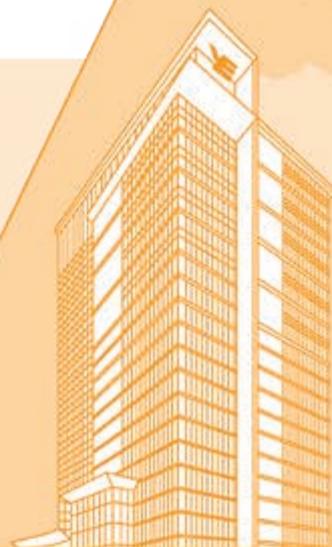
## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Fast Retailing (China) Trading Co., Ltd. Victory Plaza Shop	Commercial Services	45.2%	38.6%
GU Shanghai Trading Co., Ltd.	Commercial Services	8.3%	5.3%
China Merchants Bank Co., Ltd. Guangzhou Branch	Finance	7.2%	2.9%
Industrial and Commercial Bank of China Limited, Guangzhou Dezheng Zhong Road Sub-branch	Finance	5.9%	1.6%
Guangdong Sanyuan McDonald's Food Company Limited	Food & Beverage	4.8%	4.7%
J.M. Developments (Limited Partnership)	Food & Beverage	3.5%	9.7%
Guangzhou Meten Education Technology Co., Ltd	Commercial Services	2.9%	5.2%
呂少明	Commercial Services	2.1%	1.3%
尤廣志	Food & Beverage	2.0%	4.0%
Guangzhou Xin Ying Dong Education Consultancy Co., Ltd.	Commercial Services	1.9%	2.6%
<b>Total</b>		<b>83.8%</b>	<b>75.9%</b>

## PROPERTY PORTFOLIO

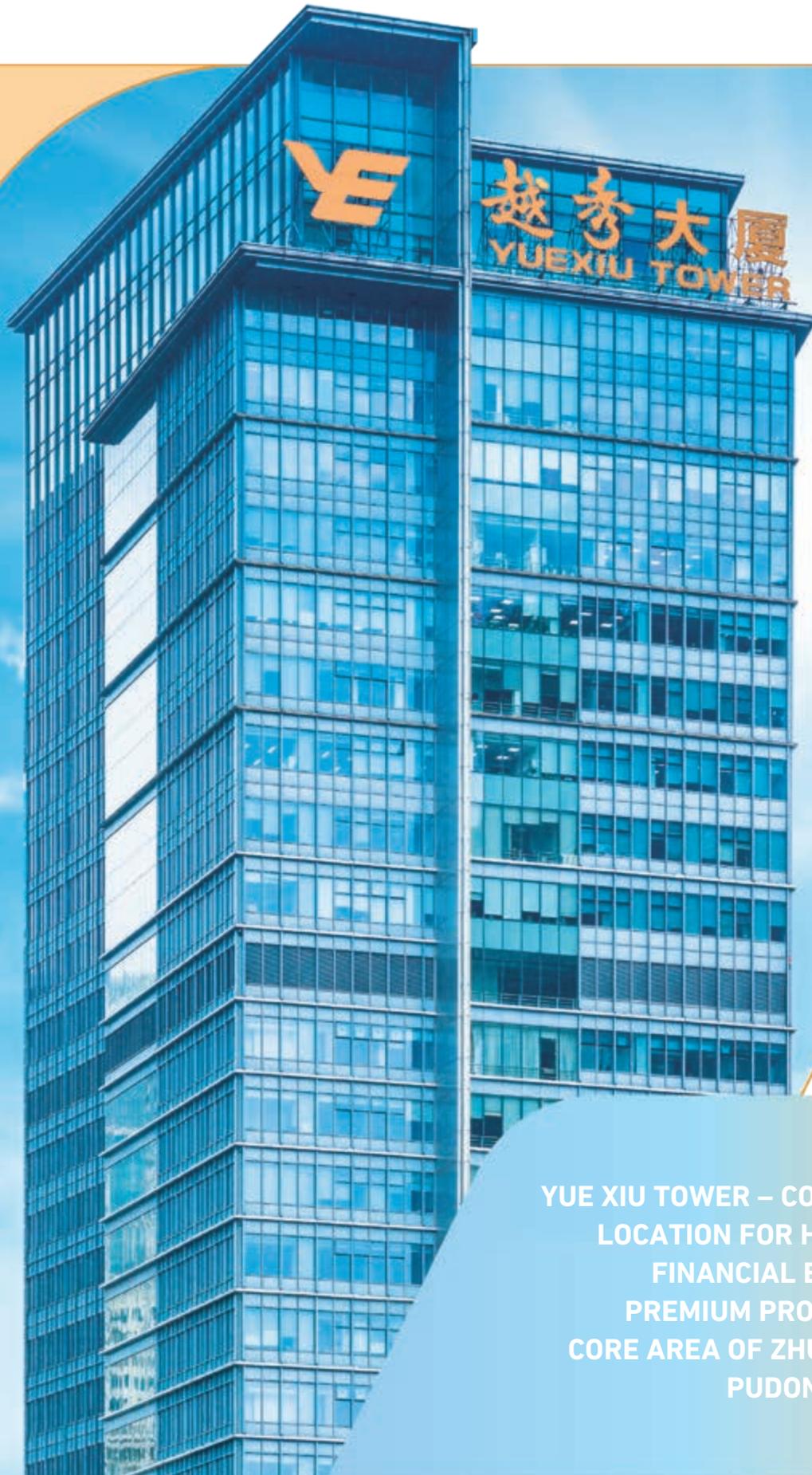
# SHANGHAI PUDONG NEW DISTRICT

# YUE XIU TOWER



Yue Xiu Tower, located in Zhuyuan commercial district, Pudong, Shanghai, is only 2 kilometers from the centre of small Lujiazui Finance and Trade Zone. The property, being completed in September 2010, consists of a 25-storey Grade A office building attached with a 2-storey basement, as well as its retail space and car park, with a total gross floor area of 62,139.4 sq.m. and a rental gross floor area of 59,528.9 sq.m. (of which the area of the office building and retail space is 46,026.3 sq.m.). Yue Xiu Tower is situated at the transfer point of Metro Line 2, Line 4, Line 6 and Line 9 and surrounded by many retail and auxiliary facilities, such as banks, convenience stores and restaurants.

Existing tenants of Yue Xiu Tower are a number of renowned enterprises, including COFCO Futures, China Credit Trust, Nabtesco, Huatai Securities, Hongta Securities, Nanjing Securities, Access World and Sulzer Pumps Equipment.



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

## PROPERTY PORTFOLIO



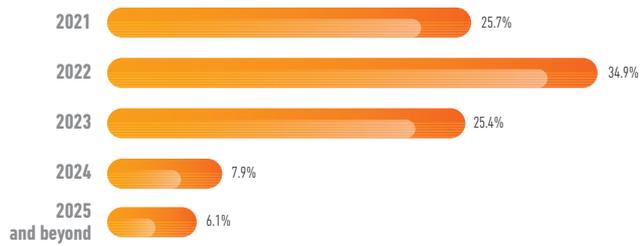
**SHANGHAI  
PUDONG NEW DISTRICT**

# YUE XIU TOWER



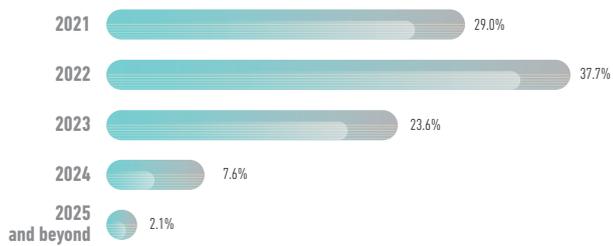
### LEASE EXPIRY

(by rental area)

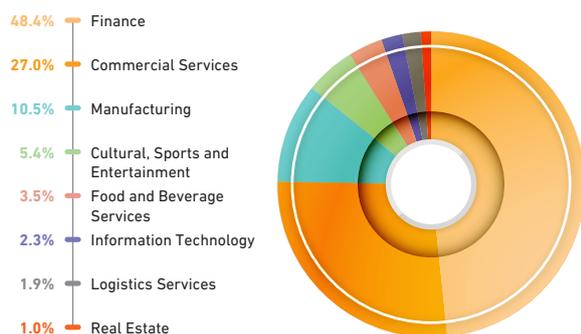


### LEASE EXPIRY

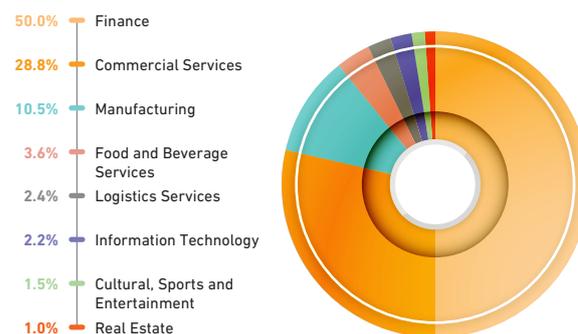
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF TENANTS BY RENTAL AREA



## INDUSTRY COMPOSITION OF TENANTS BY BASIC MONTHLY RENTALS



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
ABIE Enterprise Development (ShangHai) Co., Ltd	Commercial Services	7.0%	6.6%
Hongta Securities Co., Ltd	Finance	4.3%	3.8%
Shanghai Yaogu Biomedical Innovation	Manufacturing	4.0%	3.0%
Xingong (Shanghai) Information Technology Services Limited	Commercial Services	3.8%	4.2%
Chong Hing Bank Limited, Shanghai Sub-Branch	Finance	3.7%	3.4%
Shanghai Nabtesco Business Management Co., Ltd	Commercial Services	3.2%	3.1%
Shanghai Yuexiu Finance Leasing Co., Ltd.	Finance	3.1%	2.4%
BAODE Financial Leasing (ShangHai) LTD	Finance	3.1%	2.9%
Tecan (Shanghai) Trading Co., Ltd	Commercial Services	3.0%	3.0%
Access World (Shanghai) Logistics Co., Ltd	Logistic Services	2.2%	1.9%
<b>Total</b>		<b>37.4%</b>	<b>34.3%</b>

## PROPERTY PORTFOLIO

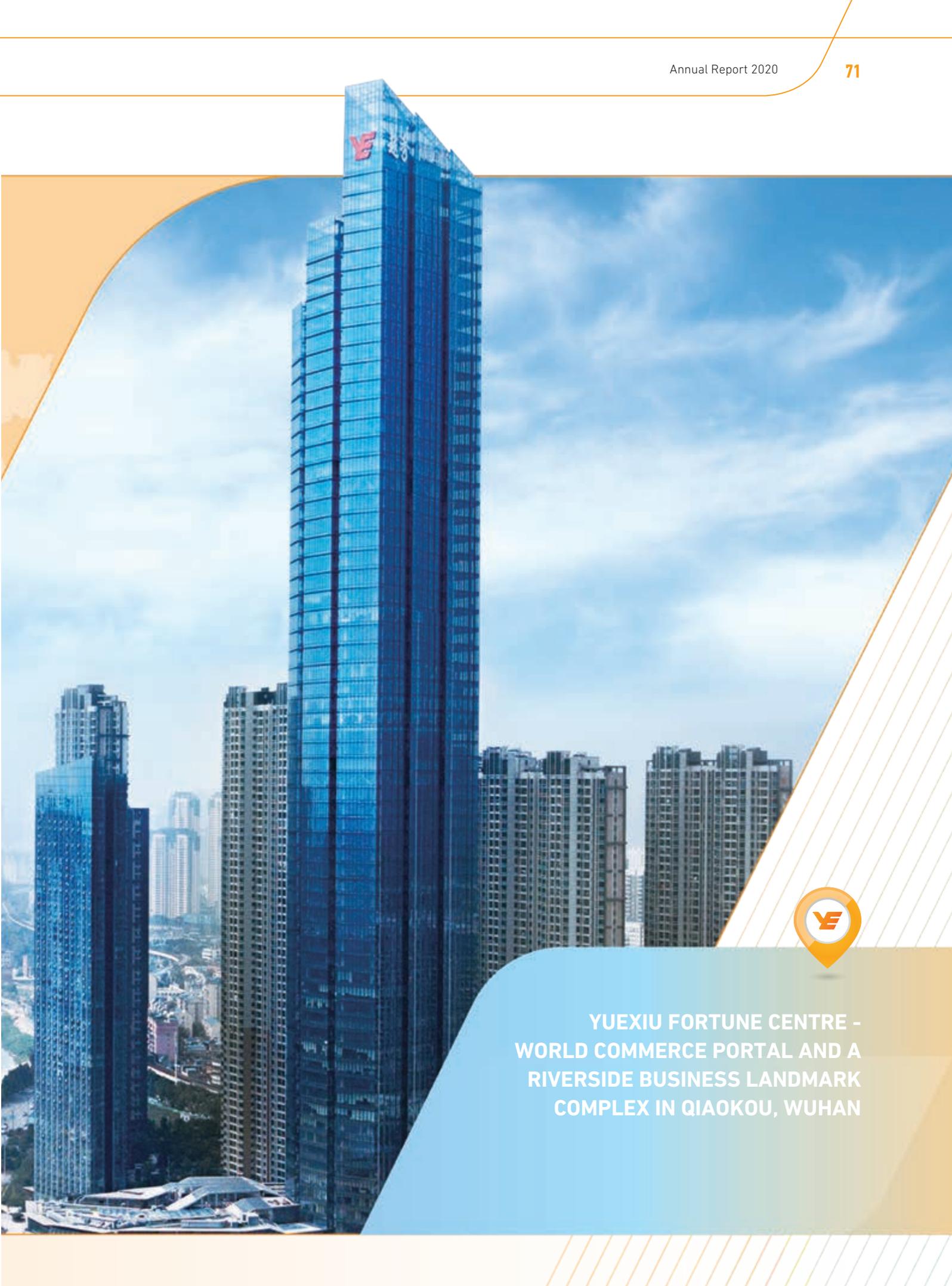
# WUHAN QIAOKOU DISTRICT

# WUHAN PROPERTIES



Yuexiu Fortune Centre, located in Hankou Riverside Business District which is an emerging business district in Wuhan, is currently the tallest International Grade A office building completed in Wuhan. As the only International Grade A office building in Hankou and in the riverside area of Hankou, Yuexiu Fortune Centre owns excellent riverside views in three directions. The property is located within the second ring of Wuhan. Public transportation is convenient and people can easily access three towns in Wuhan. It is connected to Hanyang by Yuehu Bridge on the south side. Two metro lines meet at Qiaokou Road station (Metro Line 1 is in operation and Metro Line 10 is under planning). Hanjiang avenue expressway, next to the Yuexiu Fortune Centre, is directly connected to the Wuhan Tianhe International Airport.





**YUEXIU FORTUNE CENTRE -  
WORLD COMMERCE PORTAL AND A  
RIVERSIDE BUSINESS LANDMARK  
COMPLEX IN QIAOKOU, WUHAN**

## PROPERTY PORTFOLIO



**WUHAN  
QIAOKOU DISTRICT**

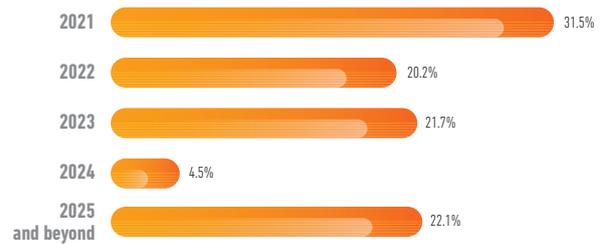
# WUHAN PROPERTIES- YUEXIU FORTUNE CENTRE



Yuexiu Fortune Centre was completed in August 2016, with a height of 330 metres and a total gross floor area of 129,446.7 sq.m., comprising a 68-storey office building. The main tenants of Yuexiu Fortune Centre are premium domestic and foreign companies, including Fortune 500 companies, such as SAP, Kaili Air Conditioning, Hitachi, PSA, Sumitomo Group, Media, Kenfair, China Resources Snow Breweries, Taikang Life Insurance and so on. It has also attracted a number of renowned enterprises, including TAL Education, Kingdee Software, AVIVA-COFCO, New Hope Real Estate, Guangdong Guangxin, Shenzhen Investment Holding, Prolog, Chinatex, McQuay and DHH Law Firm.

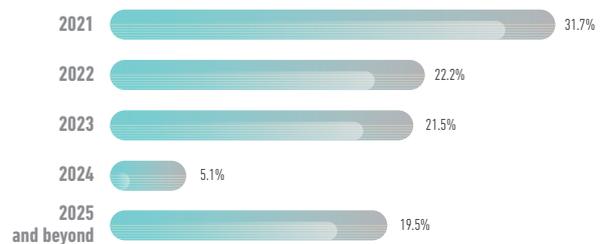
## LEASE EXPIRY

(by rental area)

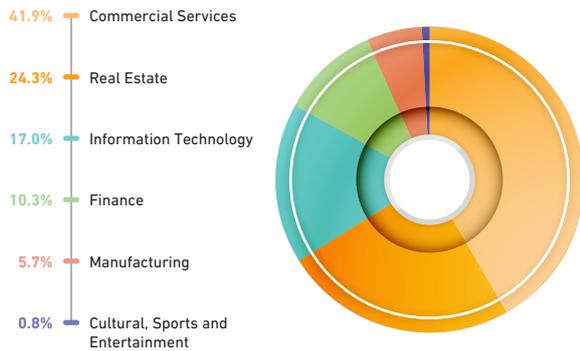


## LEASE EXPIRY

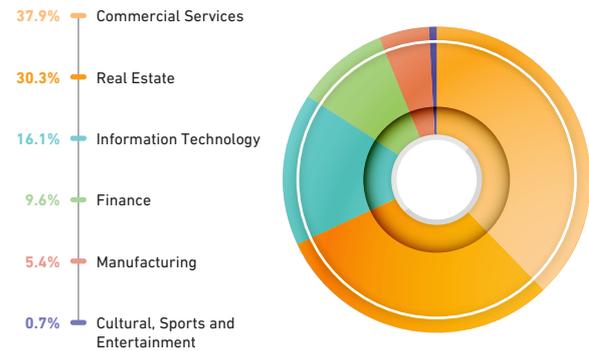
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF TENANTS BY RENTAL AREA



## INDUSTRY COMPOSITION OF TENANTS BY BASIC MONTHLY RENTALS



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Mixed	20.8%	16.3%
北京學而思教育科技有限公司	Commercial Services	12.5%	15.8%
Guangdong Guangxin Communication Service Co., Ltd.	Information Technology	7.9%	9.1%
葛洲壩集團貿易發展有限公司	Real Estate	3.1%	2.5%
New China Life Insurance Co., Ltd. Wuhan Central Branch	Finance	2.7%	2.8%
Aviva-COFCO Life Insurance Co., Ltd. Hubei Branch	Finance	2.4%	2.7%
Wuhan Prolog Integrated Technology Co., Ltd.	Information Technology	2.3%	2.2%
51 TALK	Commercial Services	2.1%	2.8%
Beijing FENBI TIANXIA CO., LTD. Wuhan Branch	Commercial Services	1.7%	2.1%
武漢長凱物業發展有限公司	Real Estate	1.6%	1.4%
<b>Total</b>		<b>57.1%</b>	<b>57.7%</b>

## PROPERTY PORTFOLIO



WUHAN  
QIAOKOU DISTRICT

# WUHAN PROPERTY- STARRY VICTORIA SHOPPING CENTRE

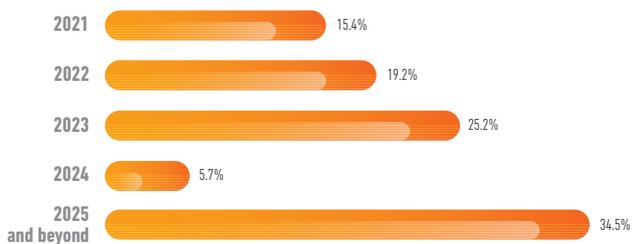


Starry Victoria Shopping Centre is the first Hong Kong lifestyle oriented neighborhood shopping centre in Wuhan. Office staffs and family-oriented consumers are its target consumer groups. It is also the first shopping centre built with a covered walkway to the metro. The 5-storey shopping arcade (inclusive of a 1-storey basement) has a gross floor area of 45,471.4 sq.m. with 1,134 commercial carpark spaces and 375 residential carpark spaces.

Starry Victoria Shopping Centre provides supplementary services to office and residence services, F&B and life experience stores. Existing tenants of Starry Victoria are a number of renowned enterprises, including KFC, Tao Heung, Hutaoli, KenGee, Starbucks, Zhongbai Life Theatre, Hotwind, Xiaomi, Apple Digital, Be True Shine, Jingsheng Japanese cuisine, Han Gong Yan, Three Squirrels, WELTMEISTER, Unicorn Infant & Mother Collection Store, The green party, Huawei, Artisan Bread, Luckin Coffee, Xibeimowang, Cai Lin Ji, Xiang Shi, Yi Peng Fan Tuan.

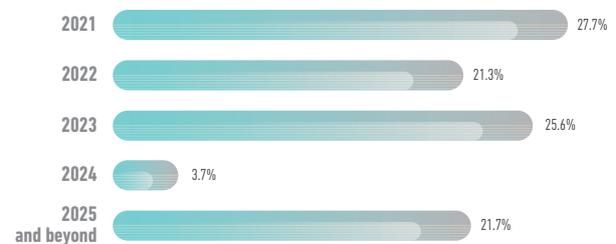
## LEASE EXPIRY

(by rental area)

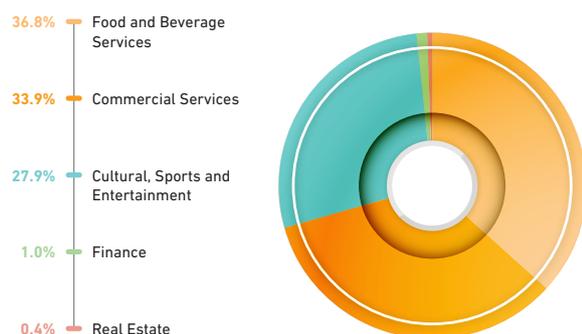


## LEASE EXPIRY

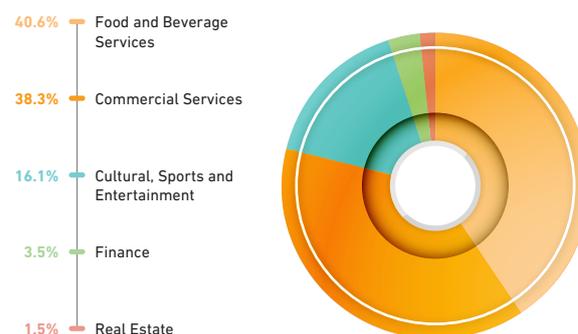
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF TENANTS BY RENTAL AREA



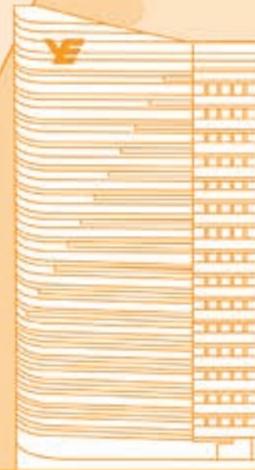
## INDUSTRY COMPOSITION OF TENANTS BY BASIC MONTHLY RENTALS



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Wuhan KINGZONE Fitness Management Co., Ltd.	Culture, Sports and Entertainment	6.4%	8.1%
Wuhan Insun Starry Victoria Cinema Co., Ltd.	Culture, Sports and Entertainment	5.1%	11.0%
Wuhan Starry Victoria Hutaoli Restaurant Management Co., Ltd.	Food & Beverage	4.4%	2.2%
China Construction Bank Corporation, Wuhan Qiaokou Sub-branch	Finance	3.5%	1.0%
Zhongbai Warehouse Supermarket Co., Ltd.	Commercial Services	3.1%	8.1%
Shanghai Yingxi Tianhao Catering Co., Ltd. Qiaokou Branch	Food & Beverage	2.4%	4.9%
Wuhan Today's Dream Trading Co., Ltd.	Commercial Services	2.3%	0.8%
武漢市恒秀輝餐飲管理有限公司	Food & Beverage	1.9%	1.6%
Chen Hua	Food & Beverage	1.9%	0.9%
Wuhan Kengee Food Sales Co., Ltd	Food & Beverage	1.7%	0.5%
<b>Total</b>		<b>32.7%</b>	<b>39.1%</b>

## PROPERTY PORTFOLIO

**HANGZHOU  
JIANGGAN DISTRICT****HANGZHOU  
VICTORY  
BUSINESS  
CENTER**

Hangzhou Victory Business Center Tower is located in Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, within only 10-minute walking distance of junction (Sanbao station and Yudao station,) at which two planning metro lines (line 6 and line 9) and one airport express line will intersect, and will enjoy greater accessibility to the Xiaoshan International Airport, Asian Games Village and other main metro stations in the future. The project was completed in January 2017, with a total gross floor area of more than 70,000 sq.m., including two 18-storey Grade A offices, four blocks of detached villa-style office buildings and 2-storey underground car park spaces.

Hangzhou Victory Business Center Tower Block 2 has attracted a number of renowned enterprises, including Yuexiu Property, Hangzhou Customs, Powerchina Real Estate, Yuexiu Financial Leasing, Qingwang Group, Sunkwan Properties, Qingchuang Hezi IPO Industry Park, Zhongdian Tourong (E-Commerce Association), CCCC, Zhejiang Basic Construction Investment Co.,Ltd, CRCC, Caitong Securities, BOC and Sijiqing Street Qianyun Community.





**HANGZHOU VICTORY - A NEW  
OFFICE ENVIRONMENT WITH  
270-DEGREE CIRCULAR-SCREEN  
DIAMOND OFFICE BUILDINGS**

PROPERTY PORTFOLIO



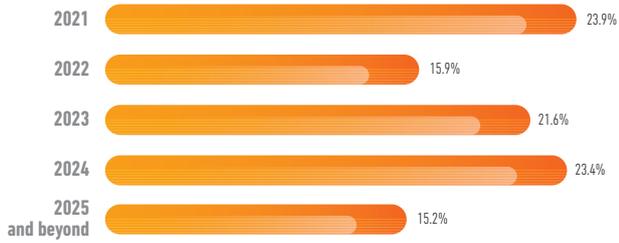
HANGZHOU  
JIANGGAN DISTRICT

HANGZHOU  
VICTORY  
BUSINESS  
CENTER



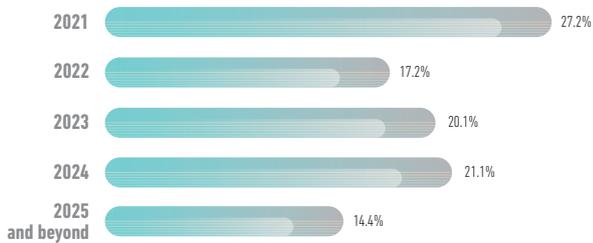
LEASE EXPIRY

(by rental area)

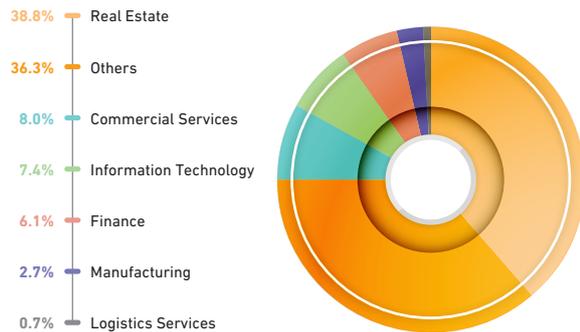


LEASE EXPIRY

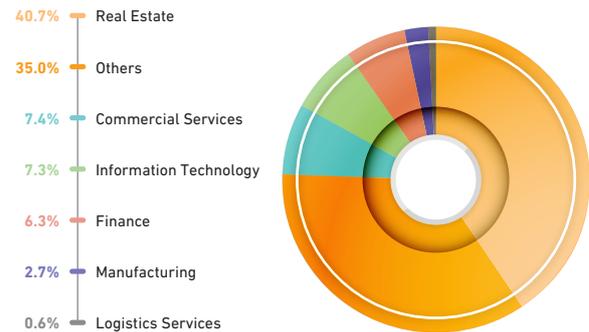
(by basic monthly rentals)



## INDUSTRY COMPOSITION OF TENANTS BY RENTAL AREA



## INDUSTRY COMPOSITION OF TENANTS BY BASIC MONTHLY RENTALS



## TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2020)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Hangzhou Qiantang Wisevalley Industrial Construction Center	Others	16.1%	14.8%
Sijiqing Street Government Office of Jianggan District, Hangzhou	Others	14.6%	16.7%
Hangzhou Yuexiu Real Estate Development Co., Ltd.	Real Estate	12.7%	10.7%
Zhejiang Yiqiwan Internet Technology Co., Ltd.	Information Technology	5.9%	5.8%
中交水利水電建設有限公司	Real Estate	5.6%	5.8%
Sijiqing Street Qianyun Community Committee, Jianggan District, Hangzhou	Others	4.2%	4.9%
Hangzhou Kunxin Real Estate Co., Ltd.	Real Estate	3.9%	4.2%
杭州豐勝房地產開發有限公司	Real Estate	3.6%	2.7%
China Railway Construction Investment Group Co., Ltd.	Real Estate	3.4%	4.1%
廣州越秀融資租賃有限公司杭州富陽分公司	Finance	3.1%	2.7%
<b>Total</b>		<b>73.1%</b>	<b>72.4%</b>

# REPORT OF THE TRUSTEE

## TRUSTEE REPORT TO UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of Yuexiu Real Estate Investment Trust has, in all material respects, managed the Yuexiu Real Estate Investment Trust in accordance with the provisions of the Trust Deed dated 7 December 2005, as amended by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplement Deed dated 25 July 2012 and the Fourth Supplement Deed dated 3 April 2020 for the financial year ended 31 December 2020.

### **HSBC Institutional Trust Services (Asia) Limited**

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

Hong Kong, 4 March 2021

# DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

## DIRECTORS

The Directors of the Manager are:

Name	Age	Position
Mr. LIN Deliang (林德良)	51	Chairman, Executive Director and Chief Executive Officer
Ms. OU Haijing (區海晶) (appointed on 20 November 2020)	44	Executive Director and Deputy Chief Executive Officer
Mr. LI Feng (李鋒)	52	Non-Executive Director
Mr. ZENG Zhizhao (曾志釗) (appointed on 4 March 2021)	43	Non-Executive Director
Mr. CHAN Chi On, Derek (陳志安)	57	Independent Non-Executive Director
Mr. CHAN Chi Fai, Brian (陳志輝)	66	Independent Non-Executive Director
Mr. CHEUNG Yuk Tong (張玉堂)	63	Independent Non-Executive Director
Mr. CHEN Xiaoou (陳曉歐)	51	Independent Non-Executive Director

Note: Mr. CHENG Jiuzhou (程九洲) resigned as an Executive Director and a Deputy Chief Executive Officer on 4 March 2021.

## CHAIRMAN, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

### Mr. LIN Deliang

Mr. Lin has been appointed as Chairman on 14 August 2018 and is an Executive Director and Chief Executive Officer of the Manager and as one of the Responsible Officers licensed under the Securities & Futures Ordinance ("SFO") and is authorized to carry out type 9 regulated activities.

Prior to joining the Manager, Mr. Lin participated in and was in charge of investment planning, sales and marketing programmes for various large scale residential and commercial properties of the Yuexiu Property Company Limited ("Yuexiu Property"), a company listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (Stock Code: 00123). After joining Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) ("GCCD") in 1992, Mr. Lin held various managerial positions in the investment development department of GCCD as well as in Xingye Real Estate Agent Co., Ltd. (being a subsidiary of Yuexiu Property) and Guangzhou Investment (HK Property) Company Limited. He was responsible for the operations management of properties located in, among others, Hong Kong, Macau, France and Singapore from 2003 to 2005. In 2006, Mr Lin was deputy general manager of Guangzhou Dongfang Hotel Group of Yue Xiu Group, responsible for financial revenue management, hotel brand development, and tourism affairs etc. Mr. Lin is a qualified Real Estate Appraiser of China, China Land Valuer and China Real Estate Agent.

After joining the Manager, Mr. Lin was responsible for organizing to implement Yuexiu REIT's acquisition of Guangzhou International Finance Center and a series of major capital operation projects in Shanghai, Wuhan and Hangzhou since 2009. Mr. Lin promoted the successful acquisition of a number of immature projects of the Fund, and enhanced the potential of the business growth of the Fund. Mr. Lin has been committed to operation of Hong Kong-listed fund company's business and capital market for more than 10 years, and is familiar with asset merges and acquisition, divestiture transactions and allocation optimization. As a composite professional of "DOS" (develop, operate and securitise) in the real estate investment and securitization field, Mr. Lin has accumulated nearly 30 years of practical experience in large property positioning and planning, investment development, commercial operations, and capital operations.

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

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### EXECUTIVE DIRECTOR AND DEPUTY CHIEF EXECUTIVE OFFICER

#### **Ms. OU Haijing**

Ms. OU Haijing is an Executive Director, and has been the Deputy Chief Executive Officer of the Manager since 26 April 2019 and one of the Manager's Responsible Officers licensed under the SFO since 27 September 2018.

Since October 2016, Ms. Ou has been the head of asset management, primarily responsible for project management including leasing, property operation and asset enhancement. Prior to this role, Ms. Ou was responsible for the internal governance and human resources management of the Manager from May 2009 to September 2016, and headed the investment team of the Manager from 2007 to 2009. Before joining the Manager, Ms. Ou was mainly engaged in the capital operations and had participated in various mergers and acquisitions of Yue Xiu Group, including the listing of Yuexiu REIT. Ms. Ou has over 10 years of experience in internal governance in Yuexiu REIT. She is now a licensed person under the SFO and is authorised to carry out regulated activities of type 9.

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

### NON-EXECUTIVE DIRECTOR

#### **Mr. LI Feng**

Mr. LI Feng is Non-Executive Director of the Manager. He is also an executive director of Yuexiu Property, a non-executive director of Chong Hing Bank Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 01111), Chairman and an executive director of Yuexiu Transport Infrastructure Limited ("Yuexiu Transport"), a company listed on the Hong Kong Stock Exchange (Stock Code: 01052), Chairman of Yue Xiu Securities Holdings Limited and a director of Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000987). Mr. Li is also a director of GCCD, and chairman and a non-executive director of Yuexiu Financial Holdings Limited.

Besides, Mr. Li is also the chief capital officer of Guangzhou Yue Xiu Holdings Limited (廣州越秀集團股份有限公司) ("Guangzhou Yue Xiu") and Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"), and oversees the capital department, customer resource management and synergy department, and the information centre of Guangzhou Yue Xiu and Yue Xiu. He is mainly responsible for formulating and implementing major capital management plans, organizing and coordinating the investor relationship of the listed companies, optimizing and upgrading the customer resource management and synergizing, promoting and improving information construction. Mr. Li holds the certificate in Major Administrative Decision-Making and Argumentation (廣州市重大行政決策論證專家) conferred by the Guangzhou Municipal Government. He is also the president of Association of Guangzhou Belt and Road Investment Enterprises, member of Guangzhou Housing Provident Fund Management Committee, director of Guangzhou People's Association for Friendship with Foreign Countries and vice-president of The Listed Companies Council, Hong Kong Chinese Enterprises Association. Mr. Li joined Yuexiu in December 2001 and has successively held positions in Guangzhou Yue Xiu and Yue Xiu including the assistant to general manager, general manager of capital department, assistant manager of the corporate management department, assistant to general manager of the supervision and auditing department and deputy general manager of Yue Xiu International Development Limited. Mr. Li is familiar with business of listed companies and the operations of capital markets. Since 2008, he has participated in all of the major capital operation projects of Guangzhou Yue Xiu and Yue Xiu; before that, he was also involved in the successful listing of Yuexiu REIT, and has extensive practical experience in capital operations.

Mr. Li graduated from Faculty of Naval Architecture and Ocean Engineering of South China University of Technology majoring in naval architecture, and obtained a master of business administration degree from Jinan University. He holds the qualification of a Senior Engineer in China.

**Mr. ZENG Zhizhao**

Mr. Zeng Zhizhao is a Non-executive Director of the Manager.

Mr. Zeng joined the Yue Xiu group in July 2005 and is currently acting as the deputy general manager of Yuexiu Property, being responsible for the management of financial and the investor relations of listed companies of the real estate sector within the Yuexiu group.

Mr. Zeng has extensive experience in capital operations. Mr. Zeng has held various positions with Guangzhou Yue Xiu (formerly known as 廣州越秀集團有限公司) where he worked as, among others, deputy manager and senior manager and certain other positions of the capital department from July 2005 to April 2014, as deputy director of capital operations of the capital department from April 2014 to November 2015, as deputy general manager of the capital department from November 2015 to March 2019, and as general manager of the capital department from March 2019 to January 2021, where he was mainly responsible for organizing and implementation of major capital operations projects, co-ordination of investor relations of listed companies within the Yuexiu group, capital operations and post-investment management of the headquarters of Yuexiu group. Mr. Zeng was also involved in various capital operation projects including among others the acquisition of Guangzhou International Finance Center by Yuexiu REIT, acquisition of Chong Hing Bank Limited, and issuance of certain bonds.

Mr. Zeng received a bachelor's degree in international finance in July 1999, a master's degree in finance in July 2002, and a doctorate degree in finance in July 2005, each from Xiamen University in Xiamen, PRC. He has been a certified public accountant in the PRC since June 2002. He has also obtained the qualification of financial economist in the PRC in December 2007 and the qualification of fund practitioner of Asset Management Association of China in May 2017.

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### **Mr. CHAN Chi On, Derek**

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

Mr. Chan has over 30 years of experience in the financial services industry and is a co-author of a book on listing procedures and securities rules and regulation in Hong Kong.

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

Mr. Chan is also currently an independent non-executive director of Longfor Group Holdings Limited (Stock Code: 00960) and China Conch Venture Holdings Limited (Stock Code: 00586). Until his resignation in April 2018, Mr. Derek Chan was an independent non-executive director of Tianli Holdings Group Limited (Stock Code: 00117). The shares of the companies mentioned above are listed on the Hong Kong Stock Exchange.

Mr. Chan graduated from The Hong Kong University of Science and Technology with a master's degree in business administration in 1994 and from The University of Hong Kong with a bachelor's degree in social sciences (majoring in economics) in 1985.

#### **Mr. CHAN Chi Fai, Brian**

Mr. Chan is an INED of the Manager.

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

Prior to joining the Hong Kong Parkview Group, Mr. Chan worked in the banking sector from 1978 to 1989, the first 7 years of which was with a reputable international bank. The last position Mr. Chan held before leaving his banking career was as group financial controller of IBI Asia (Holding) Limited. During his 11 years in banking, Mr. Chan was involved in international banking operations, mergers and acquisitions as well as financial and risk management.

Mr. Chan is a director of Primeline Energy Holdings Inc., which is listed on the TSX Venture Exchange (Stock Code: PEH.V).

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

**Mr. CHEUNG Yuk Tong**

Mr. Cheung is an INED of the Manager.

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

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

Mr. Cheung graduated from The University of Hong Kong with an LL.B. and a postgraduate certificate in laws, and from the London School of Economics with an LL.M.. He was admitted as a solicitor in Hong Kong and England, and as an attorney-in-law in New York.

**Mr. CHEN Xiaou**

Mr. Chen is an INED of the Manager.

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

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

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

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### COMPENSATION OF DIRECTORS OF THE MANAGER

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

### INDEPENDENCE OF DIRECTORS

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

### SENIOR EXECUTIVES OF THE MANAGER

#### **Mr. LIN Deliang**

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

#### **Ms. OU Haijing**

Ms. OU is an Executive Director, and has been the Deputy Chief Executive Officer of the Manager and one of the Responsible Officers. Information on her business and working experience have been set out in the subsection headed "Directors" above.

#### **Mr. YU Tat Fung**

Mr. Yu is the company secretary and has been appointed as the compliance manager on 1 March 2010 of the Manager. He is also the group general legal counsel of Yue Xiu and is responsible for the company secretarial affairs and compliance of the Manager. From October 2004, Mr. Yu was the company secretary of both Yuexiu Property and Yuexiu Transport, and he has also been appointed as the company secretary of Yue Xiu since January 2014. Mr. Yu obtained a bachelor's degree in social sciences from The University of Hong Kong in 1981. He attained the Solicitors' Final Examination in England in 1983. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in 1995. Prior to joining Yuexiu Property in 1997, he was engaged in private practice with an emphasis on corporate and commercial law.

#### **Mr. KWAN Chi Fai**

Mr. Kwan is the Chief Financial Officer and one of the Responsible Officers of the Manager. He is responsible for the financial management of the Manager. Prior to joining Yue Xiu in January 2007, Mr. Kwan was the financial controller of 2 companies which are listed on the Hong Kong Stock Exchange. He has over 25 years of experience in finance, accounting and taxation.

Mr. Kwan is a member of Chartered Professional Accountants of Canada, the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. He obtained a master degree in business administration and a bachelor degree in accounting from The University of Hong Kong.

**Ms. YOU Quan**

Ms. You is the general manager of the project development department of the Manager. She is mainly responsible for the capital technical alteration, risk control and facility management operations of the properties. Before joining the Manager by the end of 2018, Ms. You was a project manager of TaiKoo Hui Guangzhou Development Co., Ltd and the HVAC director of Guangzhou City Construction & Development Design Institute Co. Ltd. for nearly 10 years. She has successively held positions such as technology and design department director, design and engineering department deputy director, regional director, project management department general manager of subsidiaries of Yuexiu Property since 2010. She has rich experience in both engineering and operations management, involved in management of 5-star hotels, likes Four Seasons Hotel Guangzhou, and super high-rise buildings and city level multi-functional commercial complexes, likes Guangzhou IFC and TaiKoo Hui.

Ms. You graduated from the HVAC, Gas and Refrigeration Department of Chongqing University of Architecture in 1995 with a master degree in engineering. She has a wide range of professional knowledge and is the holder of certified Public Utility Engineer (HVAC) qualification, senior HVAC engineer license, fire facility design certificate, building equipment engineer license.

**Mr. YU Xinyuan, Philip**

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

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

**Mr. LIU Bihong**

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

Mr. Liu obtained a bachelor's degree in engineering from Jilin University of Technology (吉林工業大學) in 1994 and graduated from the Sun Yat-sen University in 2005 with a Juris Master Degree. Mr. Liu has a wide range of professional knowledge and has gained professional qualifications successively in PRC, including Chinese Lawyer Qualification (1996), Certified Public Accountant (1998), Enterprise Legal Consultant (2000) and the Qualification for Registered Tax Agent (2001).

## DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

### **Mr. CHEN Yongqin**

Mr. Chen is currently the general manager of the finance department of the Manager and is responsible for the finance, taxation and fund management of the Manager. Mr. Chen joined GCCD Group in 2005 and has successively held positions such as deputy manager and senior manager of the finance department of a subsidiary of GCCD. He has over 15 years of experience in finance and auditing in the real estate industry.

Mr. Chen graduated from the accounting department of Sun Yat-sen University in 2002 with a bachelor's degree in management. Mr. Chen is a Chartered Management Accountant (CIMA), Certified Internal Auditor (CIA), U.S. Certified Information System Auditor (CISA), Certified Fraud Examiner, and U.S. Certified Risk Manager. Mr. Chen is also an associate member of Association of International Accountants (AAIA), member of Australia Institute of Public Accountants (IPA), member of U. K. Institute of Financial Accountants (IFA), member of International Forensic Certified Public Accountants Association and international affiliate of Hong Kong Institute of Certified Public Accountants (HKICPAIA).

# THE LEASING AGENTS

## THE LEASING AGENTS

Yicheng was incorporated in the PRC in 1997 and is 100% owned by YXP as at 31 December 2020. Since 9 February 2021, it is approximately 91.85% owned by YXP. (It introduced quality management system, environmental management system and professional health and safety management system in 2009. It has passed annual review and acquired re-certification. It was GB/T19001-2016/ISO9001:2015, GB/T24001-2016/ISO14001:2015 and GB/T45001-2020/IOS45001:2018 certified as at 31 December 2020).

Baima BM (previously known as Guangzhou White House Property Management Co. Ltd was incorporated in the PRC in 1998) provides leasing, marketing, tenancy management and property management services to White Horse Building and has been exclusively managing the property since 1998. It was GB/T19001-2016/ISO9001:2015 certified in 2018.

Guangzhou Yue Xiu Asset Management Company Limited ("GZAM") was incorporated in the PRC in 2012 to provide leasing, marketing and tenancy management services for the office buildings and retail mall of GZIFC and Shanghai Yue Xiu Tower.

## CONFLICTS OF INTEREST

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

## SEGREGATION OF OPERATIONAL LEASING AND MARKETING FUNCTIONS

The Yuexiu Property Group has effected an internal restructuring which resulted in Baima BM, Yicheng and GZAM (together "Leasing Agents") only being solely responsible for providing leasing and marketing services to Yuexiu REIT's properties and another company within the Yuexiu Property group ("YXP Property Manager") will be responsible for providing such services to properties not belonging to Yuexiu REIT.

## "CHINESE WALLS"

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

## THE LEASING AGENTS

### CONTRACTUAL PROTECTION

Contractual provisions have been included in each of the tenancy services agreements entered into between the Manager and Partat Investment Limited ("Partat"), Moon King Limited ("Moon King"), Full Estates Investment Limited ("Full Estates"), Keen Ocean Limited ("Keen Ocean"), Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd ("GYCCIFC"), Shanghai Hong Jia Real Estate Development Co., Ltd. ("Shanghai Hong Jia"), Wuhan Yuexiu Property Development Limited ("Wuhan YXPD"), Hangzhou Yuehui Real Estate Development Co., Ltd ("Hangzhou Yuehui") or, as the case may be, and the relevant Leasing Agent to provide that:

- (i) the Leasing Agents will at all times act in the best interests of Yuexiu REIT and exercise a reasonable standard of care, skill, prudence and diligence under the circumstances then prevailing that a reputable leasing agent would use in providing similar services for comparable local commercial properties;
- (ii) the Leasing Agents will adhere to the organisational charts and reporting lines agreed with the Manager and will act in accordance with the directions of the Manager;
- (iii) the Leasing Agents will implement the annual business plan and budget approved by the Manager every year and use its best endeavours to achieve the revenue targets in such approved annual business plan and budget; and
- (iv) if leasing or marketing opportunities in relation to any of the Properties become available to the Leasing Agents which the Leasing Agents, acting reasonably and in good faith, consider are or are likely to be in competition with the Yuexiu Property Manager, the Leasing Agents will either:
  - refer all such business proposals to the Manager for vetting and confirmation before the relevant Leasing Agent proceeds with such proposals or opportunities; or
  - sub-contract to a third party leasing agent independent of the Yuexiu Property Group, to devise and implement the relevant business proposal.

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

# CORPORATE GOVERNANCE

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

## AUTHORISATION STRUCTURE

Yuexiu REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. As at 31 December 2020, the Manager had four persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and Rule 5.4 of the REIT Code, Mr. Lin Deliang, Mr. Cheng Jiuzhou (resigned on 4 March 2021) and Ms. Ou Haijing, the Executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Kwan Chi Fai is also Responsible Officer.

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

## ROLES OF THE TRUSTEE AND MANAGER

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

## FUNCTIONS OF THE BOARD

As at 31 December 2020, the board of Directors of the Manager ("Board") comprised eight members, four of whom are INEDs.

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

## CORPORATE GOVERNANCE

### ROLES OF THE KEY BOARD MEMBERS

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

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

### BOARD COMPOSITION

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

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

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

### BOARD MEETINGS

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

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

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

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

The Manager has held ten full Board meetings, five of which were held by means of written resolutions, during the Reporting Year and the attendance of individual directors at such Board meetings is as follows:

<b>Members of the Board</b>	<b>Number of meetings attended</b>
Chairman and Executive Director Mr. Lin Deliang	10
Executive Directors Mr. Cheng Jiuzhou (resigned on 4 March 2021) Ms. Ou Haijing (appointed on 20 November 2020)	6 2
Non-executive Directors Mr. Li Feng Mr. Liang Danqing (resigned on 20 November 2020)	10 4
Independent Non-executive Directors Mr. Chan Chi On, Derek Mr. Chan Chi Fai, Brian Mr. Cheung Yuk Tong Mr. Chen Xiaouu	10 10 10 9

Note:

Mr. Zeng Zhizhao was appointed as a Non-executive Director on 4 March 2021.

## BOARD COMMITTEES

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

The committees of the Board are as follows:

## AUDIT COMMITTEE

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

## CORPORATE GOVERNANCE

The Audit Committee's responsibilities also include:

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

The Audit Committee meets on a half yearly basis and otherwise on an as-needed basis. During the Reporting Year, six meetings of the Audit Committee were held, none of which was held by means of written resolutions.

Audit Committee meeting was held during 2020 for considering and reviewing 2019 annual result, 2020 interim result, connected party transactions and other internal controls, risk management and compliance matters of Yuexiu REIT.

The attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Chan Chi Fai, Brian (Chairman)	6
Mr. Chan Chi On, Derek	6
Mr. Cheung Yuk Tong	6
Mr. Chen Xiaoou	5

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

## FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee comprises seven Directors, including the Chairman, the Chief Executive Officer and at least one INED. As at the date of this report, the members of the Finance and Investment Committee are Mr. Lin Deliang, Ms. Ou Haijing, Mr. Cheng Jiuzhou (resigned on 4 March 2021), Mr. Li Feng, Mr. Zeng Zhizhao (appointed on 4 March 2021), Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brian and Mr. Chen Xiaoou. Mr. Lin Deliang is the Chairman of the Finance and Investment Committee. It is responsible for, among other matters, evaluating and making recommendations on proposed acquisitions and disposals of assets, approving budgets and reviewing actual expenses on all key expenditures and reviewing the quarterly financial performance, forecasts and annual financial plan of the Manager and Yuexiu REIT. The Finance and Investment Committee also reviews and recommends changes to financial authorities, policies or procedures in areas such as accounting, taxes, treasury, distribution payout, investment appraisal, management and statutory reporting.

Finance and Investment Committee meeting was held during 2020 for reviewing 2019 annual result, 2020 interim result, bank loan refinancing, foreign exchange and capital renovation of Yuexiu REIT.

The Finance and Investment Committee has held six meetings, one of which was held by means of written resolutions, during the Reporting Year, and the attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Lin Deliang (Chairman)	6
Ms. Ou Haijing (appointed on 20 November 2020)	2
Mr. Li Feng	6
Mr. Cheng Jiuzhou (resigned on 4 March 2021)	2
Mr. Liang Danqing (resigned on 20 November 2020)	1
Mr. Chan Chi On, Derek	6
Mr. Chan Chi Fai, Brian	6
Mr. Chen Xiaou	5

Note:

Mr. Zeng Zhizhao was appointed as a member of Finance and Investment Committee on 4 March 2021.

## DISCLOSURES COMMITTEE

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

The Disclosures Committee's responsibilities also include:

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

## CORPORATE GOVERNANCE

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

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

The Disclosures Committee meetings were held during 2020 for considering and reviewing results announcements, interim and annual reports and other corporate disclosure issues of Yuexiu REIT.

The attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Chan Chi On, Derek (Chairman)	24
Mr. Lin Deliang	24

## REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises of one member appointed by Manager and at least three INEDs. As at the date of this report, the members of the Remuneration and Nomination Committee are Mr. Lin Deliang, Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brain and Mr. Cheung Yuk Tong. Mr. Cheung Yuk Tong is the Chairman of the Remuneration and Nomination Committee. Among other matters, it reviews the terms and conditions of employment of all staff and Directors (other than the members of the Remuneration and Nomination Committee, whose remuneration is determined by the Board) and recommends the manpower deployment plan (including the succession plan for the management of the Manager and the Board), remuneration and retirement policies and packages. It ensures that no Director is involved in deciding his own remuneration. It is also responsible for reviewing the structure, size and composition of the Board and its committees on an ongoing basis and for nominating, and providing recommendations on, persons for appointment, re-appointment or removal as Directors. If a member of the Remuneration and Nomination Committee is subject to re-appointment or removal, then such Director will abstain from participating in such discussions.

Remuneration and Nomination Committee meetings were held during 2020 for reviewing the performance management and manpower deployment of the Yuexiu REIT and the Manager and reviewing the structure, size and composition of the board and committees.

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

Members attended	Number of meetings attended
Mr. Cheung Yuk Tong (Chairman)	5
Mr. Lin Deliang	5
Mr. Chan Chi On, Derek	5
Mr. Chan Chi Fai, Brian	5

## INDEPENDENT BOARD COMMITTEE

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

The Independent Board Committee has held one meetings, none of which was held by means of written resolutions during the Reporting Year.

Independent Board Committee held by INEDs to review and approve the extension of existing continuing connected party transaction waiver and proposed new annual caps for certain continuing connected party transactions.

Members attended	Number of meeting attended
Mr. Chan Chi On, Derek	1
Mr. Chan Chi Fai, Brian	1
Mr. Cheung Yuk Tong	1
Mr. Chen Xiaou	1

## DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

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

## CORPORATE GOVERNANCE

During the Reporting Year, the Directors have participated in relevant seminars or readings etc. which covered topics relating to the management and related regulations, as well as compliance issues with respect to the Listing Rules and the Securities and Futures Ordinance. Based on the Director's training records, trainings received by each Director during the period from 1 January 2020 to 31 December 2020 are summarized as follows:

Name of Directors	Readings on publications and newspapers on updated information about economics, commerce, Directors duties, etc.	Participation in trainings/briefings/ corporate governance/ seminars/ conferences relevant to Directors' duties
<b>Executive Directors</b>		
Mr. Lin Deliang	✓	✓
Mr. Cheng Jiuzhou (resigned on 4 March 2021)	✓	✓
Ms. Ou Haijing (appointed on 20 November 2020)	✓	✓
<b>Non-Executive Directors</b>		
Mr. Li Feng	✓	✓
Mr. Liang Danqing (resigned on 20 November 2020)	✓	✓
<b>Independent Non-Executive Directors</b>		
Mr. Chan Chi On, Derek	✓	✓
Mr. Chan Chi Fai, Brian	✓	✓
Mr. Cheung Yuk Tong	✓	✓
Mr. Chen Xiaoo	✓	✓

Note:

Mr. Zeng Zhizhao was appointed as a Non-executive Director on 4 March 2021.

## APPOINTMENT AND REMOVAL OF DIRECTORS

Directors may be nominated for appointment by the Board following a recommendation made by the Remuneration and Nomination Committee. All Directors will be appointed for specific terms. One-fourth of the INEDs who are subject to retirement by rotation (if necessary, rounded up to the nearest whole number) will retire at every annual general meeting from and including the first annual general meeting and the retiring Directors on each occasion will be those who have been in office longest since their last appointment or re-appointment, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree amongst themselves) be determined by ballot.

The Chairman has been appointed for an initial term of three years. Upon the expiration of such initial term, he may be re-appointed as a Chairman.

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

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

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

## RISK MANAGEMENT AND INTERNAL CONTROL

To maintain a more effective and efficient business operation and sustainable business growth, Yuexiu REIT systematically determining business risk and setting up risk management structure, procedures and related contents.

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

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

Moreover, the Board has reviewed the financial performance of Yuexiu REIT, any risks relating to the assets of Yuexiu REIT, examined liability management and will act upon any comments from the auditors of Yuexiu REIT (where appropriate).

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

## CONFLICT OF INTEREST

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

- 1) The Manager does not manage any other real estate investment trust or involve in any other real estate business;
- 2) All connected party transactions are monitored and undertaken according to the procedures and/or on terms in compliance with the REIT Code.
- 3) At least half of the Board comprise INEDs.
- 4) INED's appointment should be approved by Unitholders by way of an Ordinary Resolution.

## CORPORATE GOVERNANCE

### GENERAL MEETINGS

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

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

### REPORTING AND TRANSPARENCY

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

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

### DISTRIBUTION PAYMENTS

In accordance with the Trust Deed, Yuexiu REIT is required to distribute not less than 90% of Total Distributable Income to Unitholders. The Manager's policy is to distribute to Unitholders 100% of Yuexiu REIT's Total Distributable Income for each of the 2006, 2007 and 2008 financial years and thereafter at least 90% of Yuexiu REIT's annual Total Distributable Income in each subsequent financial year. As stated in the circular issued to Unitholders dated 30 June 2012, the Manager intended to distribute to the Unitholders an amount equal to 100% of Yuexiu REIT's Total Distributable Income and Additional Item for the financial years ended from 31 December 2012 to 31 December 2016 and no less than 90% thereafter.

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

## ISSUES OF NEW UNITS POST-LISTING

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

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

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

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

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

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

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

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

## CORPORATE GOVERNANCE

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

### MATTERS TO BE DECIDED BY UNITHOLDERS BY SPECIAL RESOLUTION

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

### CONFIRMATION OF COMPLIANCE WITH CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS

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

### PUBLIC FLOAT

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

### COMPLIANCE WITH COMPLIANCE MANUAL

Except from Article A.2.1 of the Corporate Governance Code, it is required that the roles of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. At present, Mr. Lin Deliang is both the Chairman and Chief Executive Officer of the Manager. This structure was considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also did not believe that the current structure of a single Chairman and Chief Executive Officer will compromise the balance of power and authority between the board and the Manager's management.

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

### TRUST DEED AMENDMENTS

As stated in the announcement dated 3 April 2020, the Manager and the Trustee entered into a supplemental deed ("Fourth Supplemental Deed") on the same day to effect certain amendments to the Trust Deed to facilitate the deferral of part of the Manager's fees to be settled in the form of Units for the 2019 Final Period. For further background and the full text of these amendments, please refer to the abovementioned announcement and the Appendix thereto.

The Trustee has certified in the Fourth Supplemental Deed that in its opinion such amendments to the Trust Deed do not materially prejudice the interests of Unitholders, do not operate to release to any material extent the Trustee or the Manager or any other person from any liability to the Unitholders and do not increase the costs and charges payable from Yuexiu REIT. Accordingly, no specific approval from Unitholders is required for such amendments to the Trust Deed.

### AUDITORS

The financial statements of Yuexiu REIT have been audited by PricewaterhouseCoopers. They have been re-appointed for performing the audit for the financial year ending 31 December 2021.

# CONNECTED PARTY TRANSACTIONS

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

## THE MANAGER AND SIGNIFICANT HOLDER GROUP

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

## LEASING TRANSACTIONS

Certain portions of City Development Plaza, GZIFC, Fortune Plaza, Yue Xiu Tower, Wuhan Properties, Hangzhou Victory and White Horse Building have been leased to connected parties of Yuexiu REIT in relation to the Manager ("Manager Group"). Details are as follows:

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2020 Reporting Year (RMB)
<b>City Development Plaza</b>									
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. ("Yicheng")	103F	an associate of the Manager	58.98	1 Jan 2020	871	15	0	3	10,471
Guangzhou City Construction & Development Xingye Property Agent Ltd ("Xingye") <sup>(1)</sup>	27, 28/F	an associate of the Manager	3,688.68	1 Jan 2018	493,582	134	0	4	6,113,230
廣州鵬輝貿易有限公司 <sup>(2)</sup>	21FGHI	an associate of the Manager	691.63	20 May 2017	92,215	133	0	3.03	1,160,268
廣州悅秀智訊科技信息諮詢有限公司	18ABJ	an associate of the Manager	691.62	1 Jan 2020	99,593	144	0	0.67	1,137,711
廣州東耀房地產開發有限公司	17CD	an associate of the Manager	334.64	29 Dec 2017	44,618	133	0	3	445,278
廣州悅秀智訊科技信息諮詢有限公司	18CDE	an associate of the Manager	461.09	1 Jan 2020	61,478	133	0	1.42	733,581
廣州悅秀智訊科技信息諮詢有限公司 <sup>(3)</sup>	18F	an associate of the Manager	126.45	1 Jan 2020	18,065	143	0	0.67	214,239
Yicheng	Carpark	an associate of the Manager	2,104.25	19 Nov 2019	304,167	145	0	3	3,656,665
廣州宏城發展有限公司第一分公司	7H	an associate of the Manager	126.45	1 Aug 2020	16,258	129	0	0.42	81,290
廣州城建開發裝飾有限公司	9FGH	an associate of the Manager	461.09	27 Jul 2020	61,478	133	0	3	317,503
Xingye	103C1-3	an associate of the Manager	134.4	1 Nov 2020	21,759	162	0	0.16	43,518
廣州宏城發展有限公司第一分公司	8E	an associate of the Manager	126.45	30 Dec 2020	16,860	133	0	0.16	1,141
Sub-total:									13,914,895

- On 2 April 2020, Guangzhou City Construction & Development Xingye Property Agent Ltd was renamed as 廣州越秀興業地產代理有限公司("Xingye").
- On 1 June 2020, 廣州鵬輝貿易有限公司 entered into a lease with Full Estates Investment Limited to renew the lease of unit 21FGHI of City Development Plaza for a term of 3 years commencing from 1 June 2020, and the unit price of rent t adjusted to RMB 144/m<sup>2</sup>/month.
- On 1 September 2020, 廣州悅秀智訊科技信息諮詢有限公司 entered into a lease with Full Estates Investment Limited to renew the lease of unit 18F of City Development Plaza for a term of 3 years commencing from 1 September 2020, and the unit price of rent adjusted to RMB144/m<sup>2</sup>/month.

## CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/ renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2020 Reporting Year (RMB)
<b>GZIFC</b>									
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. <sup>(1)</sup>	401-B	an associate of the Manager	948.00	31 May 2019	200,976	212	0	月租金	58,348
Guangzhou Securities Co., Ltd. (Renamed as "中信証券華南股份有限公司") <sup>(1)</sup>	501	an associate of the Manager	2,868.01	20 Jun 2018	505,315	176	0	3.03	143,652
Guangzhou Yue Xiu Enterprises (Holdings) Ltd. ("YXE")	0601-A	an associate of the Manager	1,224.74	1 Jan 2019	271,892	222	0	3	3,232,340
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ("GZYFHG") <sup>(2)</sup>	0601-B	an associate of the Manager	227.86	1 Jan 2019	50,587	222	0	3	372,984
Guangzhou Securities Co., Ltd. (Renamed as "中信証券華南股份有限公司") <sup>(1)</sup>	0601-C	an associate of the Manager	248.05	1 Jan 2019	55,067	222	0	1.5	15,987
YXE	0601-C	an associate of the Manager	88.00	1 Jul 2020	19,536	222	0	1.5	121,786
Guangzhou Yuexiu Asset Management Co., Ltd. ("GZAM")	0601-D	an associate of the Manager	138.72	1 Sep 2019	30,796	222	0	3	366,113
GZAM	0601-E	an associate of the Manager	46.82	1 Jan 2018	10,077	215	0	3	123,168
Yuexiu (China) Transport Infrastructure Investment Co., Ltd.	0601-F	an associate of the Manager	126.99	1 Jan 2018	27,333	215	0	3	334,070
Guangzhou City Construction and Development Co. Ltd. ("GCCD")	0601-G · H	an associate of the Manager	877.03	1 Jan 2019	194,701	222	0	3	2,314,665
Guangzhou Yuexiu Financial Holdings Co., Ltd.	0601-I	an associate of the Manager	160.05	1 Jul 2020	35,531	222	0	1.5	228,999
GCCD	0601-J	an associate of the Manager	179.12	1 Aug 2020	39,765	222	0	1.42	206,715
廣州證券股份有限公司珠江西路證券營業部 (Renamed as "中信証券華南股份有限公司珠江西路證券營業部") <sup>(1)</sup>	706-707	an associate of the Manager	474.16	15 Apr 2018	79,026	167	0	3.04	23,751
Guangzhou Securities Co., Ltd. (Renamed as "中信証券華南股份有限公司") <sup>(1)</sup>	1001-1006	an associate of the Manager	1,486.33	1 Jan 2019	337,399	227	0	1.5	97,955
Guangzhou Futures Co., Ltd.	1004	an associate of the Manager	252.46	31 Dec 2020	57,308	227	0	1	1,727
Guangzhou Futures Co., Ltd.	1005-1006	an associate of the Manager	495.45	1 Apr 2020	112,467	227	0	1.75	1,014,838
Guangzhou Futures Co., Ltd.	1007-1012	an associate of the Manager	1,486.52	1 Jan 2019	337,441	227	0	3	3,831,310
廣州東耀房地產開發有限公司	1401	an associate of the Manager	3,071.42	1 Jan 2019	746,355	243	0	3	9,401,127
廣州市祥港房地產開發有限公司	1501	an associate of the Manager	3,141.03	1 Jan 2019	747,565	238	0	3	9,416,367
GCCD	1601	an associate of the Manager	3,156.79	1 Jan 2019	751,316	238	0	3	9,463,618
Yuexiu (China) Transport Infrastructure Investment Co., Ltd.	1701-A	an associate of the Manager	1,585.09	1 Jan 2018	395,518	250	0	3	4,702,044
Guangzhou Yue Tong Expressway Operations and Management Co., Ltd.	1701-B	an associate of the Manager	261.29	1 Jan 2018	65,198	250	0	3	775,093
Guangzhou Yue Peng Information Ltd.	1701-C	an associate of the Manager	266.86	1 Jan 2018	66,588	250	0	3	791,618
Guangzhou Suiqiao Development Co., Ltd.	1701-D	an associate of the Manager	200.99	1 Jan 2018	50,152	250	0	3	596,224

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2020 Reporting Year (RMB)
Yuexiu (China) Transport Infrastructure Investment Co., Ltd.	1701-E	an associate of the Manager	855.96	1 Jan 2018	197,278	230	0	3	2,345,302
Guangzhou Securities Co., Ltd. (Renamed as "中信証券華南股份有限公司") <sup>(1)</sup>	1901 · 2001	an associate of the Manager	6,399.43	1 Jan 2019	1,593,458	249	0	1.5	485,748
YXE <sup>(2)</sup>	2604	an associate of the Manager	544.25	25 Mar 2020	119,217	219	0	0.52	1,099,873
廣州越秀資本投資管理有限公司	3301	an associate of the Manager	274.77	15 Sep 2019	70,655	257	0	2.95	794,751
廣州越秀資本投資管理有限公司	3309 · 3310 · 3311 · 3312	an associate of the Manager	1,095.81	1 Mar 2019	292,216	267	0	2.50	3,279,104
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. <sup>(4)</sup>	3406-A	an associate of the Manager	207.00	1 Apr 2019	55,200	267	0	1	665,543
YXE <sup>(5)</sup>	3807	an associate of the Manager	280.01	1 Mar 2020	68,002	243	0	0.33	408,012
GZAM	4001 · 02 · 03 · 05 · 06	an associate of the Manager	2,882.42	1 May 2018	713,741	248	0	3	8,485,187
YXE	4606	an associate of the Manager	558.37	1 Jan 2018	138,263	248	0	4.83	1,703,236
YXE	5004-B	an associate of the Manager	282.54	25 Mar 2020	68,617	243	0	1.02	635,938
YXE	5604	an associate of the Manager	533.50	25 Mar 2019	142,267	267	0	3.02	1,639,040
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZYXJLL")	5607	an associate of the Manager	134.16	31 Dec 2020	16,610	124	0	2.50	511
YXE	5801-A · 05-A · 06-E · 07-A	an associate of the Manager	734.15	1 Jun 2019	204,863	279	0	3	2,443,683
廣州東耀房地產開發有限公司	5801-B · 02 · 03 · 04-A	an associate of the Manager	1,196.58	1 Jun 2019	333,904	279	0	3	3,982,936
GZAM	5804-B	an associate of the Manager	242.29	1 Jun 2019	67,610	279	0	3	806,481
Yuexiu (China) Transport Infrastructure Investment Co., Ltd.	5804-C	an associate of the Manager	262.73	1 Jun 2019	73,314	279	0	3	874,520
GZYFHG <sup>(6)</sup>	5805-B · 06-A · 06-B	an associate of the Manager	721.10	1 Jun 2019	201,221	279	0	3	2,400,243
Guangzhou Yuexiu Financial Leasing Co., Ltd.	5806-C	an associate of the Manager	133.50	1 Jun 2019	37,253	279	0	3	444,368
Guangzhou Paper Group Ltd.	5806-D	an associate of the Manager	85.49	1 Jun 2019	23,856	279	0	3	284,561
Guangzhou Yuexiu Enterprises Development Ltd.	5807-B	an associate of the Manager	85.49	1 Jun 2019	23,856	279	0	3	284,561
YXE	6201	an associate of the Manager	3,330.29	30 Aug 2020	1,110,097	333	0	3	4,391,815
GZYFHG <sup>(7)</sup>	6301-A · E	an associate of the Manager	696.58	1 Jan 2019	233,354	335	0	3	2,878,744
GZYFHG <sup>(8)</sup>	6301-B · C	an associate of the Manager	1,742.17	1 Jan 2019	583,627	335	0	3	7,199,846

## CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	Lease commencement/ renewal date	GFA (sq.m.)	Monthly	Monthly	Rent free	Rental income	
					rent (RMB)	rent per sq.m. (RMB)	period (days)	Term (years)	during 2020 Reporting Year (RMB)
GZYFHG <sup>(1)</sup>	6301-D、F	an associate of the Manager	1 Sep 2019	860.73	288,345	335	0	2.33	3,473,007
YXE	6401、6501	an associate of the Manager	1 Jan 2019	6,509.02	2,278,157	350	0	3	28,005,065
Yuexiu (China) Transport Infrastructure Investment Company Limited	Annex 440-A	an associate of the Manager	1 Jan 2020	171.58	32,257	188	0	1	387,084
GZYFHG <sup>(1)</sup>	Annex 440-B	an associate of the Manager	1 Jan 2020	191.06	35,919	188	0	1	431,028
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	Annex 440-C	an associate of the Manager	1 Jan 2020	135.33	25,442	188	0	1	305,304
廣州越秀商業地產投資管理有限公司	Annex 440-D	an associate of the Manager	1 Jan 2020	295.19	55,496	188	0	1	665,952
GCCD	Annex 440-E	an associate of the Manager	1 Jan 2020	734.70	138,124	188	0	1	1,657,488
廣州市城建開發集團名特網絡發展有限公司	Annex 440-F	an associate of the Manager	1 Jan 2020	131.77	24,773	188	0	1	297,350
Guangzhou Securities Co., Ltd. (Renamed as "中信証券華南股份有限公司") <sup>(1)</sup>	Annex 440-G	an associate of the Manager	1 Jan 2020	373.11	70,145	188	0	1	20,699
YXE	Annex 440-H	an associate of the Manager	1 Jan 2020	454.61	85,467	188	0	1	1,025,604
Guangzhou Yuexiu Financial Technology Co., Ltd.	Annex 440-I	an associate of the Manager	1 Jan 2020	139.10	26,151	188	0	1	313,812
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. <sup>(1)</sup>	Annex 440-J	an associate of the Manager	1 Jan 2020	23.88	4,489	188	0	1	1,325
GZYXJLL	Annex 440-K	an associate of the Manager	1 Jan 2020	22.21	4,175	188	0	1	50,100
Guangzhou Yuexiu Business Operation Management Co., Ltd.	Annex 440-L	an associate of the Manager	1 Jan 2020	11.73	2,205	188	0	1	26,460
GZYXJLL	Carpark	an associate of the Manager	1 Jan 2020	71,082.79	1,390,835	20	0	1	16,690,020
GCCD	B1V103 Site	an associate of the Manager	30 Nov 2020	48.00	N/A	N/A	0	0.07	154,775
廣州越秀城開房地產開發有限公司	B1V101-1 Site	an associate of the Manager	1 Oct 2020	48.00	N/A	N/A	0	0.04	90,678
廣州越秀城開房地產開發有限公司	B1V101-1 Site	an associate of the Manager	15 Oct 2020	48.00	N/A	N/A	0	0.05	116,586
Sub-Total:									148,880,839

- On 10 January 2020, Guangzhou Yuexiu Financial Holdings Group Co., Ltd. has sold its 100% shares of Guangzhou Securities Co., Ltd. to an independent third party, Guangzhou Securities Co., Ltd. and its subsidiaries are not the connected parties of Yuexiu REIT since 10 January 2020.
- On 1 July 2020, Guangzhou Yuexiu Financial Holdings Group Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 601-B of GZIFC, the tenant of which has been changed into Guangzhou Yuexiu Financial Holdings Co., Ltd. since 1 July 2020, and the unit price of rent remained unchanged; On 1 August 2020, Guangzhou Yuexiu Financial Holdings Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 601-B of GZIFC, from 1 August 2020, the lease area adjusted to 48.75m<sup>2</sup>, the monthly rent adjusted to RMB 10,823, and the unit price of rent remained unchanged.
- On 1 October 2020, Guangzhou Yue Xiu Enterprises (Holdings) Ltd. entered into a lease with GZIFC, to renew the lease of Unit 2604 of GZIFC for a term of three month commencing from 1 October 2020, and the unit price of rent remained unchanged.
- On 1 April 2020, Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 3406-A of GZIFC for a term of one year commencing from 1 April 2020, and the unit price of rent adjusted to RMB 268/m<sup>2</sup>/month.
- On 1 July 2020, Guangzhou Yue Xiu Enterprises (Holdings) Ltd. entered into a lease with GZIFC, to renew the lease of Unit 3807 of GZIFC for a term of two month commencing from 1 July 2020, and the unit price of rent remained unchanged.
- On 1 July 2020, Guangzhou Yuexiu Financial Holdings Group Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 5805B\5806A\5806B of GZIFC, the tenant of which has been changed into Guangzhou Yuexiu Financial Holdings Co., Ltd. since 1 July 2020, and the unit price of rent remained unchanged.

- (7) On 1 July 2020, Guangzhou Yuexiu Financial Holdings Group Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 6301A\E of GZIFC, the tenant of which has been changed into Guangzhou Yuexiu Financial Holdings Co., Ltd. since 1 July 2020, and the unit price of rent remained unchanged.
- (8) On 1 July 2020, Guangzhou Yuexiu Financial Holdings Group Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 6301B\C of GZIFC, the tenant of which has been changed into Guangzhou Yuexiu Financial Holdings Co., Ltd. since 1 July 2020, and the unit price of rent remained unchanged.
- (9) On 1 July 2020, Guangzhou Yuexiu Financial Holdings Group Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit 6301D\F of GZIFC, the tenant of which has been changed into Guangzhou Yuexiu Financial Holdings Co., Ltd. since 1 July 2020, and the unit price of rent remained unchanged.
- (10) On 1 July 2020, Guangzhou Yuexiu Financial Holdings Group Co., Ltd. entered into a lease with GZIFC, to renew the lease of Unit Annex 440-B of GZIFC, the tenant of which has been changed into Guangzhou Yuexiu Financial Holdings Co., Ltd. since 1 July 2020, and the unit price of rent remained unchanged.

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2020 Reporting Year (RMB)
<b>Fortune Plaza</b>									
Yicheng	Carpark	an associate of the Manager	1,408.29	19 Nov 2019	195,834	139	0	3	2,354,296
廣州市城建開發集團名特網絡發展有限公司	West 2401	an associate of the Manager	997.66	1 Oct 2020	152,023	152	0	3	430,693
Sub-total:									2,784,989

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Rental income during 2020 Reporting Year (RMB)
<b>Yue Xiu Tower</b>									
Chong Hing Bank Limited Shanghai Branch	2801-05	an associate of the Manager	1,444.18	1 Dec 2019	398,275	276	0	2.25	4,792,922
Shanghai Yuexiu Finance Leasing Co., Ltd.	2101, 05-07	an associate of the Manager	1,006.41	1 May 2017	306,116	304	0	5	3,777,863
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd Shanghai Branch ("YichengShanghai")	Carpark	an associate of the Manager	13,502.58	1 Jan 2018	142,857	11	0	3	1,717,412
Yicheng Shanghai <sup>(1)</sup>	310B, 301A, 301B	an associate of the Manager	495.17	15 Dec 2018	136,307	275	0	5.05	1,638,096
Shanghai Yuexiu Finance Leasing Co., Ltd.	1202 · 03 · 04 · 05B	an associate of the Manager	788.41	30 Dec 2020	223,740	284	0	3	14,218
廣期資本管理(深圳)有限公司	701 · 707A · 708	an associate of the Manager	539.81	29 Sep 2020	125,098	232	0	3	375,717
Sub-total:									12,316,228

- (1) On 1 November 2020, Yicheng Shanghai entered into a lease with Shanghai Hong Jia Real Estate Development Co., Ltd. to renew the lease of Unit 310B, 301A, 301B of Yue Xiu Tower, the tenant of which has been changed into Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") since 1 November 2020, and the unit price of rent remained unchanged.

## CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly	Monthly	Rent free	Term (years)	Rental
					rent (RMB)	rent per sq.m. (RMB)	period (days)		Reporting Year (RMB)
<b>Wuhan Properties</b>									
廣州越秀興業地產代理有限公司武漢分公司 <sup>(1)</sup>	801-804, 1303, 1308, 1310	an associate of the Manager	1,820.08	1 Jun 2020	173,343	95	0	0.58	1,213,401
廣州越秀星寓公寓管理有限公司 <sup>(2)</sup>	805-808, 1301	an associate of the Manager	1,642	1 Jun 2020	156,384	95	0	0.58	1,094,688
武漢越秀商業管理有限公司	3401-3408	an associate of the Manager	2,434.81	16 Jul 2018	231,890	95	0	5.04	2,963,521
武漢越秀商業管理有限公司	3409	an associate of the Manager	80.46	16 Jul 2018	3,066	38	0	5.04	36,867
廣州越秀地產工程管理有限公司 <sup>(3)</sup>	5801, 5802	an associate of the Manager	2,638.6	1 Jan 2020	351,804	133	0	0.13	4,221,648
Guangzhou City Construction & Development Xingye Property Agent Ltd. Wuhan Branch (Renamed as "廣州越秀興業地產代理有限公司武漢分公司") <sup>(4)</sup>	5901	an associate of the Manager	1318.26	1 Jun 2019	175,764	133	0	1	875,940
廣州越秀星寓公寓管理有限公司	5902	an associate of the Manager	1,231.99	1 Jun 2019	164,261	133	0	1	818,611
武漢康景實業投資有限公司	6001A	an associate of the Manager	485.7	1 Jan 2018	64,760	133	0	3	748,262
武漢康景實業投資有限公司	6001B	an associate of the Manager	401.08	1 Mar 2018	53,477	133	0	2.83	660,791
武漢越秀商業管理有限公司	6001C	an associate of the Manager	884.39	29 Sep 2019	117,916	133	0	1.26	1,313,482
Xingye	6101A	an associate of the Manager	300	27 Dec 2017	40,000	133	0	3	458,366
廣州越秀興業地產代理有限公司武漢分公司	6101A	an associate of the Manager	300	27 Dec 2020	47,576	159	0	3	7,785
廣州越秀地產工程管理有限公司	6101B	an associate of the Manager	350	27 Dec 2017	46,667	133	0	3	534,760
廣州城建開發工程造價諮詢有限公司	6101B	an associate of the Manager	398.94	27 Dec 2020	55,852	140	0	3	9,139
廣州城建開發設計院有限公司	6101C	an associate of the Manager	250	27 Dec 2017	33,333	133	0	3	381,972
廣州城建開發工程造價諮詢有限公司	6101C	an associate of the Manager	280.88	27 Dec 2020	39,323	140	0	1	6,377
武漢康景實業投資有限公司	6101D	an associate of the Manager	851.82	1 Jan 2018	113,576	133	0	3	1,312,304
Guangzhou Yicheng Business Operation Management Co., Limited Wuhan Branch ("Yicheng Wuhan")	6201A	an associate of the Manager	875.91	1 Jan 2018	120,959	138	0	5	1,468,400
武漢康景實業投資有限公司	6201B, 6301	an associate of the Manager	2707.10	1 Sep 2017	373,838	138	0	5	4,549,951
武漢越秀商業管理有限公司 <sup>(4)</sup>	6401	an associate of the Manager	1,634.33	16 Jun 2019	217,905	133	0	1.04	2,608,569
武漢越秀商業管理有限公司	6701	an associate of the Manager	917.55	1 Jan 2020	129,375	141	0	1	1,552,500

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly				Rental income during 2020
					Monthly rent (RMB)	rent per sq.m. (RMB)	Rent free period (days)	Term (years)	Reporting Year (RMB)
Yi Cheng Wuhan	Carpark	an associate of the Manager	47,182.94	21 Dec 2017	625,000	13	0	3.03	8,263,194
Yi Cheng Wuhan	Carpark	an associate of the Manager	15,602.82	21 Dec 2017	290,000	19	0	3.03	2,732,537
武漢康景實業投資有限公司	3701	an associate of the Manager	700	1 Jan 2018	79,365	113	0	3	1,000,000
武漢康景實業投資有限公司 <sup>(6)</sup>	3702	an associate of the Manager	700	1 Jun 2019	79,365	113	0	1	952,381
武漢康景實業投資有限公司	The west side of Square	an associate of the Manager	300	1 Jun 2019	119,047	396	0	1.58	1,428,571
武漢康景實業投資有限公司 <sup>(4)</sup>	A101	an associate of the Manager	400	1 Jun 2019	60,952	152	0	1	731,429
武漢康景實業投資有限公司 <sup>(7)</sup>	Site	an associate of the Manager	280	1 Jan 2020	N/A	N/A	0	1	10,000,000
武漢越秀商業管理有限公司	Advertising Space of Carpark	an associate of the Manager	20 Advertising Space	1 Oct 2018	142,860	N/A	0	3	1,717,448
武漢越秀商業管理有限公司	Advertising Space of Carpark	an associate of the Manager	20 Advertising Space	1 Jun 2019	142,860	N/A	0	1.58	1,769,986
武漢越秀商業管理有限公司	Advertising Space of Carpark	an associate of the Manager	40 Advertising Space	1 Jun 2019	285,720	N/A	0	1.58	3,539,972
Sub-total:									58,972,852

- (1) On 1 June 2020, 廣州越秀興業地產代理有限公司武漢分公司 entered into a lease with Wuhan Yuexiu Property Development Limited to rent Unit 801-804, 1303, 1308, 1310 of Wuhan Properties for a term of 7 months commencing from 1 June 2020, and the unit price of rent is RMB 95/m<sup>2</sup>/month.
- (2) On 1 June 2020, 廣州越秀星寓公寓管理有限公司 entered into a lease with Wuhan Yuexiu Property Development Limited to rent Unit 805-808, 1301 of Wuhan Properties for a term of 7 months commencing from 1 June 2020, and the unit price of rent is RMB 95/m<sup>2</sup>/month.
- (3) On 16 February 2020, 廣州越秀地產工程管理有限公司 entered into a lease with Wuhan Yuexiu Property Development Limited to renew the lease of Unit 5801, 5802 of Wuhan Properties for a term of 10.5 months commencing from 16 February 2020, and the unit price of rent remain unchanged.
- (4) On 1 July 2020, 武漢越秀商業管理有限公司 entered into a lease with Wuhan Yuexiu Property Development Limited to renew the lease of Unit 6401 of Wuhan Properties for a term of 6 months commencing from 1 July 2020, and the unit price of rent remain unchanged.
- (5) On 1 June 2020, 武漢康景實業投資有限公司 entered into a lease with Wuhan Yuexiu Property Development Limited to renew the lease of Unit 3702 of Wuhan Properties for a term of 7 months commencing from 1 January 2020, and the unit price of rent remain unchanged.
- (6) On 1 June 2020, 武漢康景實業投資有限公司 entered into a lease with Wuhan Yuexiu Property Development Limited, to renew the lease of Unit A101 for a term of 7 months commencing from 1 June 2020, and the unit price of rent remained unchanged.
- (7) On 1 January 2020, 武漢康景實業投資有限公司 entered into a lease with Wuhan Yuexiu Property Development Limited to rent the Unit Site of Wuhan Properties for a term of 1 year commencing from 1 January 2020.

## CONNECTED PARTY TRANSACTIONS

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly	Monthly		Term (years)	Rental income during 2020
					rent (RMB)	rent per sq.m. (RMB)	Rent free period (days)		Reporting Year (RMB)
<b>Hangzhou Victory</b>									
Hangzhou Yuexiu Real Estate Development Co., Ltd	202-2, 301-1, 302-2, 1703, 1801, 1802, 1803	an associate of the Manager	2,311.55	20 Sep 2018	310,231	134	0	3.03	3,807,391
Hangzhou Yuexiu Real Estate Development Co., Ltd	302-1	an associate of the Manager	430.31	15 Mar 2019	47,334	110	0	2.55	553,036
Guangzhou City Construction & Development Xingye Property Agent Ltd Hangzhou Branch (renamed as 廣州越秀興業地產代理有限公司杭州分公司)	601-1	an associate of the Manager	188.25	20 Dec 2018	22,590	120	0	3	249,192
杭州盛寅房地產開發有限公司	1201	an associate of the Manager	336.65	1 Oct 2019	40,509	120	0	1.71	500,676
廣州越秀融資租賃有限公司杭州富陽分公司	1202	an associate of the Manager	579.93	1 Jan 2019	80,030	138	0	2	963,005
杭州越榮房地產開發有限公司 <sup>(1)</sup>	1701	an associate of the Manager	336.65	20 Sep 2018	51,171	152	0	3.03	628,007
杭州豐勝房地產開發有限公司	1702	an associate of the Manager	579.93	20 Sep 2018	88,149	152	0	3.03	1,081,835
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd Hangzhou Branch ("Yicheng Hangzhou")	Carpark	an associate of the Manager	17,663.58	28 Dec 2018	187,500	11	0	2.01	2,250,000
廣州城建開發設計院有限公司	403	an associate of the Manager	340.6	25 Dec 2020	36,506	107	0	3	8,539
Sub-total:									10,041,681

(1) On 1 October 2020, 杭州越榮房地產開發有限公司 entered into a lease with Hangzhou Yuehui Real Estate Development Co., Ltd. to renew the lease of Unit 1701 of Hangzhou Victory and the tenant of which has been changed into 廣州盛寅房地產開發有限公司 since 1 October 2020, and the unit price of rent is remain unchanged.

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly	Monthly		Term (years)	Rental income during 2020
					rent (RMB)	rent per sq.m. (RMB)	Rent free period (days)		Reporting Year (RMB)
<b>White Horse Building</b>									
廣州白馬電子商務股份有限公司	1309	an associate of the Manager	12.82	1 Mar 2020	13,308	1,038	0	3.83	122,082
廣州白馬電子商務股份有限公司	1315	an associate of the Manager	28.05	1 Mar 2020	30,150	1,075	0	3.83	302,922
廣州白馬電子商務股份有限公司	1316	an associate of the Manager	22.86	1 Mar 2020	24,571	1,075	0	3.83	246,866
Sub-total:									671,870
Total:									247,583,354

## APARTMENT SERVICE

Certain connected party (as defined in the REIT Code) of Yuexiu REIT in relation to the Manager provided apartment service to Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd Four Season Branch. Details are as follows:

Service provider	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Lease commencement/renewal date	Monthly				Reporting Year
					Monthly rent (RMB)	rent per sq.m. (RMB)	Rent free period (days)	Term (years)	
廣州越秀星寓公寓管理有限公司	Guangzhou Tianhe District 邦華名悅 property	an associate of the Manager	7,411.05	1 Dec 2019	859,961	116	0	3	10,353,000

## PROPERTY MANAGEMENT AGREEMENTS

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

Property Manager	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/payable for 2020 Reporting Year (RMB)
Guangzhou Baima Business Operation Management Co. Ltd ("Baima BM")	an associate of the Manager	White Horse Building	1 Jan 2020	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Fortune Plaza	1 Jan 2020	Property Management Agreement	N/A
Yicheng	an associate of the Manager	City Development Plaza	19 Jul 2019	Property Management Agreement	N/A
Yicheng	an associate of the Manager	Victory Plaza	7 Dec 2005	Property Management Agreement	N/A
GZYXJLL	an associate of the Manager	GZIFC	1 Sep 2019	Property Management Agreement	N/A
Yicheng Shanghai	an associate of the Manager	Yue Xiu Tower	29 Dec 2017 <sup>(1)</sup>	Property Management Agreement	N/A
Yicheng Wuhan	an associate of the Manager	Wuhan Properties	21 Dec 2017 <sup>(2)</sup>	Property Management Agreement	N/A
Yicheng Hangzhou	an associate of the Manager	Hangzhou Victory	31 Aug 2017 <sup>(3)</sup>	Property Management Agreement	N/A

- (1) Yicheng Shanghai entered into a property management agreement with Shanghai Hong Jia Real Estate Development Co., Ltd., renewing the existing terms for 3 years commencing from 1 January 2020, and other terms remain unchanged.
- (2) Yicheng Wuhan entered into a property management agreement with Wuhan Yuexiu Real Estate Development Co., Ltd., renewing the existing terms for 3 years commencing from 1 January 2020, and other terms remain unchanged.
- (3) Yicheng Hangzhou entered into a supplemental property management agreement with Hangzhou Yuehui Real Estate Development Co., Ltd., extending the service period to 31 August 2023, and other terms remain unchanged.

## CONNECTED PARTY TRANSACTIONS

### TENANCY SERVICES AGREEMENTS

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

Service provider	Relationship with Yuexiu REIT	Property	Date of Agreement	Nature of transaction	Amount paid/ payable for 2020 Reporting Year (RMB)
Baima BM <sup>(1)</sup>	an associate of the Manager	White Horse Building	31 Dec 2017	Tenancy Services Agreement	8,633,000
Yicheng <sup>(2)</sup>	an associate of the Manager	Fortune Plaza	31 Dec 2017	Tenancy Services Agreement	2,770,000
Yicheng <sup>(3)</sup>	an associate of the Manager	City Development Plaza	31 Dec 2017	Tenancy Services Agreement	2,642,000
Yicheng <sup>(4)</sup>	an associate of the Manager	Victory Plaza	31 Dec 2017	Tenancy Services Agreement	2,692,000
Yicheng <sup>(5)</sup>	an associate of the Manager	Fortune Plaza 1701	31 Dec 2017	Tenancy Services Agreement	69,000
GZAM <sup>(6)</sup>	an associate of the Manager	GZIFC	31 Dec 2017	Tenancy Services Agreement	15,179,000
Guangzhou Yuexiu Asset Management Co., Ltd. Shanghai Branch <sup>(7)</sup>	an associate of the Manager	Yue Xiu Tower	31 Dec 2017	Tenancy Services Agreement	3,544,000
Yicheng Wuhan <sup>(8)</sup>	an associate of the Manager	Wuhan Properties	21 Dec 2017	Tenancy Services Agreement	7,146,000
Yicheng Hangzhou <sup>(9)</sup>	an associate of the Manager	Hangzhou Victory	28 Dec 2018	Tenancy Services Agreement	1,298,000

- (1) Yuexiu REIT Asset Management Ltd. entered into a tenancy services agreement with Partat Inv. Ltd. and Baima BM, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (2) Yuexiu REIT Asset Management Ltd. entered into a tenancy services agreement with Moon King Ltd. and Yicheng, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (3) Yuexiu REIT Asset Management Ltd. entered into a tenancy services agreement with Full Esates Inv.Ltd. and Yicheng, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (4) Yuexiu REIT Asset Management Ltd. entered into a tenancy services agreement with Keen Ocean Ltd. and Yicheng, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (5) Yuexiu REIT Asset Management Ltd. entered into a tenancy services agreement with Guangzhou Yuexiu City Construction International Finance Center Co. Ltd and Yicheng, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (6) Yuexiu REIT Asset Management Ltd. entered into a tenancy services agreement with Guangzhou Yuexiu City Construction International Finance Center Co. Ltd and GZAM, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (7) Yuexiu REIT Asset Management Ltd. entered into a tenancy services agreement with Shanghai Hong Jia Real Estate Development Co., Ltd. and Guangzhou Yuexiu Asset Management Co., Ltd. Shanghai Branch, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (8) Wuhan Yuexiu Real Estate Development Co., Ltd. entered into a tenancy services agreement with Yicheng Wuhan, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.
- (9) Hangzhou Yuehui Real Estate Development Co., Ltd. entered into a tenancy services agreement with Yicheng Hangzhou, renewing the existing term for 3 years commencing 1 January 2021, and other terms remain unchanged.

## TRADE MARK LICENCE AGREEMENTS

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

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2020 Reporting Year	Licence maturity date
Baima BM	an associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	27 November 2026, 6 December 2026, 13 January 2027, 13 December 2026, 20 January 2027
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") <sup>(1)</sup>	an associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

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

## CONSTRUCTION SETTLEMENT AGENCY AGREEMENT

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

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Prepaid Construction Payable for 2020 Reporting Year (RMB)	Nature of Transaction	Amount received/receivable for 2020 Reporting Year (RMB)
GCCD	an associate of the Manager	4 May 2012	40,720,000	Interest on the balance of construction payable	17,601,000

## ORDINARY BANKING SERVICES

Name	Nature of transaction	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/payable within the 2020 Reporting Year	Amount of interest paid/payable within the 2020 Reporting Year (RMB)
Chong Hing Bank	Loan <sup>(1)</sup>	An associate of the Manager	Nov 2016	153,146,000	—	7,168,000

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

Name	Nature of transaction	Relationship with Yuexiu REIT	The balance of bank deposits amount as at 31 December 2020 (RMB)	The highest daily aggregate amount of bank deposits within the 2020 Reporting Year (RMB)	Amount of interest received/receivable within the 2020 Reporting Year (RMB)
Chong Hing Bank	Bank deposits	An associate of the Manager	52,437,368	52,437,368	848,000

## CONNECTED PARTY TRANSACTIONS

### FINANCING OF THE DEFERRED COMPLETION PAYMENT

Name	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/ payable within the 2020 Reporting Year	Amount of interest paid/payable within the 2020 Reporting Year (RMB)
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") <sup>(1)</sup>	An associate of the Manager	21 Dec 2017	20,000	—	—

(1) On 21 December 2018, Yuexiu REIT repaid the deferred completion payment of approximately RMB 803,783,000 to Guangzhou Construction & Development Holdings (China) Limited, the balance of approximately RMB 20,000 will be settled upon payment of tax by the counterparty.

### NAMING RIGHTS AGREEMENT

Name	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for 2020 Reporting Year (RMB)	Naming Rights Period (RMB)
GCCD	An associate of the Manager	Wuhan Properties	naming rights	13,714,000	1 June 2019 to 31 December 2020

### WAIVER FROM STRICT COMPLIANCE

A waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of the existing leasing transactions of Yuexiu REIT, the existing property management arrangement and the tenancy services agreement of the existing properties, together with the new leasing transaction, the new property management arrangement and the new tenancy services agreement, as mentioned above, between the Group and persons which are connected with Yuexiu REIT as a result of their connection with the Manager has been granted by the SFC on 4 December 2017, subject to annual limitation as to the capped value of such transactions, review by the auditors for each relevant financial period, annual review by the Audit Committee and the independent non-executive directors ("INEDs") and other terms and conditions. For detailed terms and conditions of the waiver, please refer to the circular dispatched to Unitholders on 15 November 2017.

### HSBC GROUP\*

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

## CORPORATE FINANCE TRANSACTIONS AND ORDINARY BANKING SERVICES

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

### ORDINARY BANKING SERVICES

Name	Nature of transaction	Date of agreement	Principal amount	Amount of interest paid/payable within the 2020 Reporting Year
HSBC Group	Loan <sup>(1)</sup>	Nov 2019	HK\$830,000,000	RMB20,498,000

Name	Nature of transaction	Date of agreement	Nominal amount	Payable as at 31 December 2020
HSBC Group	Foreign Exchange Hedging <sup>(2)</sup>	September 2020	HK\$400,000,000	RMB10,040,000

- (1) HSBC Group was one of the lending banks.  
 (2) HSBC Group was one of the participating banks

### CORPORATE FINANCE TRANSACTIONS

Name	Nature of Transaction	Date of agreement	Amount of fees paid/payable/amortized within the 2020 Reporting Year
HSBC Group	Bond <sup>(3)</sup>	—	RMB2,000

- (3) HSBC Group was one of the underwriters.

GZI REIT (Holding) 2005 Company Limited, Partat, Keen Ocean, Full Estates, Moon King, Ever Joint Investment International Limited ("Ever Joint"), Long Grace Holdings Limited ("Long Grace"), Profit Link Investment International Limited ("Profit Link"), San Bright Holdings Limited ("San Bright") and Yuexiu REIT MTN Company Limited have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the 2020 reporting year.

## WAIVER FROM STRICT COMPLIANCE

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

## CONNECTED PARTY TRANSACTIONS

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

The Trustee and the Manager both confirm that, with respect to the corporate finance transaction entered into with the HSBC Group under review, (i) the general conditions under the Waiver (details of which were disclosed in Yuexiu REIT's offering circular dated 12 December 2005) were complied with; and (ii) the Trustee was not involved in the making of any decision to enter into such transaction on behalf of Yuexiu REIT (subject to its duties of oversight under the REIT Code and the Trust Deed).

### CONFIRMATION BY THE AUDIT COMMITTEE AND THE INEDS

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

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

### MANAGER'S FEES

During the 2020 reporting year, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB142,157,000, 80% of which was settled by the issuance of new Units, and 20% was settled in cash.

### TRUSTEE'S FEES

During the 2020 reporting year, the aggregate amount of fees paid/payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB10,424,000.

### PRINCIPAL VALUER'S FEES

During the 2020 reporting year, the aggregate amount of fees paid/payable by Yuexiu REIT to the Principal Valuer was approximately RMB1,090,000.

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

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

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

Interests and short positions in the Units:

Name of Director	Nature of Interest	As at 1 January 2020		As at 31 December 2020		% Change in Holdings
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Mr. Cheng Jiuzhou (resigned on 4 March 2021)	Personal	480	0.000015%	480	0.000015%	—
Ms. Ou Haijing (appointed on 20 November 2020)	Personal	1,000	0.000032%	1,000	0.000030%	(0.000002)
Mr. Li Feng	Personal	1,825	0.000057%	1,825	0.000055%	(0.000002)
Mr. Liang Danqing (resigned on 20 November 2020)	—	Nil	—	Nil	—	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—
Mr. Cheung Yuk Tong	—	Nil	—	Nil	—	—
Mr. Chen Xiaou	—	Nil	—	Nil	—	—

Note:

Mr. Cheng Jiuzhou resigned as an Executive Director and Mr. Zeng Zhizhao was appointed as a Non-executive Director on 4 March 2021.

## CONNECTED PARTY TRANSACTIONS

### HOLDINGS OF SIGNIFICANT HOLDERS

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

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2020		As at 31 December 2020		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Guangzhou Yue Xiu Holdings Limited ("GZYX") <sup>(1)</sup>	Deemed	1,692,062,224 <sup>(3)</sup>	52.78% <sup>(5)</sup>	1,727,319,338 <sup>(4)</sup>	52.29% <sup>(6)</sup>	(0.49%)
	Total	1,692,062,224 <sup>(3)</sup>	52.78% <sup>(5)</sup>	1,727,319,338 <sup>(4)</sup>	52.29% <sup>(6)</sup>	(0.49%)
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Beneficial	27,320	—	27,320 <sup>(4)</sup>	—	—
	Deemed	1,692,034,904 <sup>(3)</sup>	52.78% <sup>(5)</sup>	1,727,292,018 <sup>(4)</sup>	52.29% <sup>(6)</sup>	(0.49%)
	Total	1,692,089,544 <sup>(3)</sup>	52.78% <sup>(5)</sup>	1,727,319,338 <sup>(4)</sup>	52.29% <sup>(6)</sup>	(0.49%)
YXP <sup>(2)</sup>	Beneficial	—	—	—	—	—
	Deemed	1,682,800,639 <sup>(3)</sup>	52.49% <sup>(5)</sup>	1,656,057,753 <sup>(4)</sup>	52.14% <sup>(6)</sup>	(0.35%)
	Total	1,682,800,639 <sup>(3)</sup>	52.49% <sup>(5)</sup>	1,656,057,753 <sup>(4)</sup>	52.14% <sup>(6)</sup>	(0.35%)
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	1,632,125,730 <sup>(3)</sup>	50.91% <sup>(5)</sup>	1,570,125,730 <sup>(4)</sup>	47.53% <sup>(6)</sup>	(3.38%)
	Deemed	—	—	—	—	—
	Total	1,632,125,730 <sup>(3)</sup>	50.91% <sup>(5)</sup>	1,570,125,730 <sup>(4)</sup>	47.53% <sup>(6)</sup>	(3.38%)

(1) Further information in relation to interests of corporations controlled by GZYX as at 31 December 2020;

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares	
				Long Position	Short Position
Yue Xiu	GZYX	100.00	Y	27,320	—
Yue Xiu	GZYX	100.00	N	1,727,292,018 <sup>(4)</sup>	—
Bosworth International Limited	Yue Xiu	100.00	Y	5,698,282	—
YXP	Yue Xiu	39.78	N	1,656,057,753 <sup>(4)</sup>	—
Dragon Yield	YXP	100.00	Y	1,570,125,730 <sup>(4)</sup>	—
Novena Pacific Limited	Yue Xiu	100.00	Y	1,414,207	—
Morrison Pacific Limited	Yue Xiu	100.00	Y	395,122	—
Greenwood Pacific Limited	Yue Xiu	100.00	Y	339,342	—
Goldstock International Limited	Yue Xiu	100.00	Y	88,082	—
Yuexiu Capital Holdings Limited	Yue Xiu	100.00	Y	62,000,000	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,299,230	—
Yue Xiu International Investment Limited ("YXII")	YXP	100.00	Y	85,932,023	—

- (2) The deemed interest as at 31 December 2020 in 1,656,057,753 Units were held through Dragon Yield and YXII, both are wholly-owned subsidiaries of YXP.
- (3) The number of units includes 461,401,494 deferred units. Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to YXP (or YXP's nominee) at an issue price of HK\$4.00 per Unit. Further details are included in the circular dated 30 June 2012 and announcement dated 27 September 2012 of Yuexiu REIT.
- (4) The number of units includes 399,401,494 deferred units. Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to YXP (or YXP's nominee) at an issue price of HK\$4.00 per Unit. Further details are included in the circular dated 30 June 2012 and announcement dated 27 September 2012 of Yuexiu REIT.
- (5) After deducting the unissued deferred units, the approximate interest held by GZYX and Yue Xiu will be approximately 38.389%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 38.2% and 36.518% respectively.
- (6) After deducting the unissued deferred units, the approximate interest held by GZYX and Yue Xiu will be approximately 40.202%, while the approximate interest in Yuexiu REIT held by Yuexiu Property and Dragon Yield will be approximately 38.045% and 35.443% respectively.

## HOLDINGS OF SENIOR EXECUTIVES OF THE MANAGER

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

Name of Senior Executive	Nature of interest	As at 1 January 2020		As at 31 December 2020		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Mr. Liu Bihong	Personal	225	0.000007%	225	0.000007%	—

## HOLDINGS OF OTHER CONNECTED PERSON

Name	Nature of interest	As at 1 January 2020		As at 31 December 2020		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
Trustee	Deemed <sup>(1)</sup>	950	0.00003%	14,150	0.00043%	0.00040%

(1) Associated company of the trustee (as defined in the REIT Code) were beneficially interested in such units as at 31 December 2020.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Collier, holding any Units as at 31 December 2020.

# INVESTOR RELATIONS REPORT

## COMMUNICATION ACTIVITIES WITH HNITHOLDERS AND INVESTORS

In 2020, outdoor activities encountered certain constraints due to the unexpected affect from COVID-19 pandemic. The manager and investor relations team adjusted communication way with investors on a timely basis such as proceeding results announcement by adopting online meeting form and investor road shows. By fully utilizing various ways of communication with investors, the manager and investor relations team didn't encounter significant impact when participating in meetings throughout the year. The manager and investor relations team participated in 11 large-scale investment conferences held by investment bank, 34 meetings about result road shows, 2 one-on-one meetings and 2 site visits of projects. Meanwhile, 2020 is the 15th anniversary of listing of the Yuexiu REIT. In the past 15 years, managers always focused on investor relations, and capital market was increasingly interested in the Yuexiu REIT. The manager and investor relations team will continue to be committed to improving quality and level of effective communication, enhancing and maintaining information communication with investors, deepening investors' understanding of Yuexiu REIT and establishing a benign market profile of Yuexiu REIT.

## 2020 MAJOR INVESTOR RELATIONS ACTIVITIES

Month	Venue	Activity
January	Shanghai	Participated in the 12th UBS Greater China Conference organized by UBS
March	Conference calls	Held the investor meeting and press conference for the 2019 annual results announcement
	Conference calls	Participated in the 2019 annual results road show organized by DBS, UBS and HSBC
June	Conference calls	Participated in the Hongkong/PRC property conference organized by UBS
	Shanghai	Participated in the 2019 annual results road show organized by DBS
August	Conference calls	Held the investor meeting and press conference for the 2020 interim results announcement
	Conference calls	Participated in the 2020 interim results road show organized by Industrial Securities
September	Conference calls	Participated in the REIT Day Seminar organized by Daiwa Capital
November	Conference calls	Participated in the real estate annual conference organized by Citibank

## ANALYSIS COVERAGE

With continuous and steady growth of the Yuexiu REIT'S business, the capital market was increasingly interested in the performance of the Yuexiu REIT in 2020. A number of securities institutions published a number of research reports on the Yuexiu REIT during the year. There were 8 securities institutions (including DBS, Citibank, Daiwa Capital, Credit Suisse, Bank of America Merrill Lynch, UBS, Industrial Securities and China Merchants Securities) which covered analysis. Most of the research reports recommended the rating of "Buy in, Outperform the market", indicating that the analysts were optimistic about the future development prospects of the Yuexiu REIT.

## AWARDS

Yuexiu REIT is the first Hong Kong listed real estate investment trust with properties located in the PRC. In 2020, by leveraging on good corporate governance, bright development prospects and professional efforts in investor relations, the Yuexiu REIT and the Manager were presented with the "Listed Company Awards of Excellence 2020" by Hong Kong Economic Journal and "Asset Management Award of Annual Performance 2020" by Guandian in November, 2020.

## PROSPECT

The Manager will continue to increase enhancement efforts in investor relations, reinforce communication and liaison with investors for more transparency so as to achieve effective mutual interactive communication between the Manager and the investors and continuously create value for Shareholders.

# PROPERTY VALUATION REPORT

## Yuexiu REIT Asset Management Limited

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

17B, Yue Xiu Building,  
No. 160 Lockhart Road,  
Wanchai, Hong Kong

## HSBC Institutional Trust Services (Asia) Limited

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

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

5 February 2021

Dear Sir or Madam,

### Valuation of:

- (1) Guangzhou International Finance Centre, No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (2) Various Units in White Horse Building, Nos. 14, 16 & 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC
- (3) Various Units and 110 Car Spaces at Basement Levels 1 & 2 in Fortune Plaza, Nos. 114, 116 & 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (4) Various Units and 179 Car Spaces at Basement Levels 1 & 2 in City Development Plaza, Nos. 185, 187 & 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (5) Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
- (6) Tower 2 & 315 Car Spaces at Basement Levels 1 & 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, the PRC
- (7) Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Sub-district, Pudong New Area, Shanghai, the PRC
- (8) Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and Various Car Spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province, the PRC

(Together known as the "Properties" and Individually the "Property")



## Colliers International (Hong Kong) Limited

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## INSTRUCTIONS

We refer to the instructions received from the Manager and the Trustee of “Yuexiu Real Estate Investment Trust” (“Yuexiu REIT”) (the “Client”) for us to assess the market value of the captured properties interest located in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Properties as at 31 December 2020 (the “Valuation Date”), for Accounting Purposes.

## BASIS OF VALUATIONS

Our valuations are provided on the basis of Market Value, which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

## VALUATION STANDARDS

These valuations have been carried out in accordance with the latest edition of Royal Institution of Chartered Surveyors (the “RICS”) Valuation - Global Standards, the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), incorporating the International Valuation Standards of the International Valuation Standards Council (“IVSC”). We have also complied with the requirements met out in Chapter 6.8 of the Code on Real Estate Investment Trusts (the “REIT Code”).

## QUALIFICATIONS OF THE VALUER

These valuations have been prepared by Ms. Zhirong He (Flora He) (RICS Registration No.:1259301) and Mr. Eric Tsang (RICS Registration No.:1265711).

Ms. Flora He a Fellow of the Royal Institution of Chartered Surveyors. Flora is the Executive Director and Head of China Valuation and Advisory services team at Colliers International. She is suitably qualified to carry out the valuation and has over 18 years’ experience in the valuation of properties of this magnitude and nature in China. Flora is a Fellow Member of the Royal Institution of Chartered Surveyors.

Mr. Eric Tsang, Senior Director of the Valuation and Advisory Services, Asia at Colliers International is an experienced competent valuer and has over 20 years’ experience in undertaking valuations of this type in Hong Kong and China. He is a Member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors and a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap.417) in the Hong Kong Special Administrative Region.

We confirm that neither the valuers nor Colliers International are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Properties interest.

## PROPERTY VALUATION REPORT

### VALUATION APPROACHES

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions and/or offerings of comparable properties. In the course of our valuations, we have principally adopted the Income Capitalisation Method or Discounted Cash Flow Method ("DCF" Method) and cross-checked by the Market Approach.

**Income Capitalisation Method** estimates the value of properties or assets on a market basis by capitalizing net rental income on a fully leased basis. This method is used when a property or asset is leased out for a specific term(s). This technique considers both the current passing rental income from existing tenancies and the potential future reversionary income at market level, by capitalising both at appropriate rates. In calculating the net rental income for this purpose, deduction is made for outgoings such as property management fees, capital expenditure, vacancy loss, and other necessary expenses.

**DCF Method** is the process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money. During the DCF technique, the income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, and other necessary expenses

**Market Approach** provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analysing such sales, which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available.

### SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Client and its legal advisor in respect of the titles of the Properties interest in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, statutory notices, easements, tenure, joint venture agreements, the identification of the property interests and all other relevant matters.

We have also been advised by the Client that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Client which is material to the valuation.

### TITLE DOCUMENTS

We have been provided with copies or extracts of some title documents relating to the property interests and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property interests in the PRC or any material encumbrances that might be attached to the property interests or any lease amendments. We have made assumptions that the full and proper ownership title of the Properties has been obtained and all payable land premium or land-use rights fees have been fully settled.

We advise that PRC legal opinion should be obtained in order to verify the title ownership of the Properties interests. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All title documents disclosed in this letter, the summary of values and the summary reports are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter, the summary of values and the valuation summary reports.

## ASSUMPTIONS AND CAVEATS

Our valuations have been made on the assumption that the owners can sell the Properties on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Properties.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all Properties are free of any encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have conducted the valuations assuming:

- the information about the Properties provided are true and correct;
- the Properties are free from contamination and the ground conditions are satisfactory;
- the full and proper ownership title of the Properties have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- all required approvals and certificates necessary for the development and occupation and use of the Properties have been duly obtained and are in full force and effect;
- the Properties can be freely transferred, mortgaged, sublet or otherwise disposed of in the market;
- The tenanted properties will continue to be occupied and maintained in good order.
- Where applicable no structural survey or testing of the services within or connected to the Properties has been carried out. As appropriate we have assumed the Properties are structurally sound, maintained in a condition fit for purpose, with all provided services in working order.
- We have valued the portfolio assuming no reduction in value to reflect any possible diminution in value resulting from a placing of the portfolio on the market together as one at the same time for sale.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value.

Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Property under frequent review.

This valuation report is also subject to our standard Caveats and Assumptions attached at the appendix.

## PROPERTY VALUATION REPORT

### SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

### SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Properties upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuations have been prepared on the assumption that these aspects are satisfactory.

Site inspections of the Properties were carried out by Flora He, Bill Zhou, Kyle Zeng, Will Lin and Leo Sun from 7 December 2020 to 18 December 2020.

### MARKET COMMENTARY

#### GUANGZHOU

#### OVERVIEW

By Q3 2020, Guangzhou recorded GDP of RMB1,747.6 billion, with a year-on-year (YOY) increase of 1.0%. The secondary industry contributed to RMB470.4 billion with 0.7% annual growth. The tertiary industry contributed to RMB1,258.9 billion, accounting for approximately 72% of total GDP. Compared to the first half of 2020, the economy of Guangzhou in the third quarter rebounded with resilience. In Q3 alone, the GDP increased by 7.9% YOY and 7.0% QOQ respectively.

Different industries' performance varies under the context of the pandemic. Over the first three quarters, culture & entertainment industry took the hit hard and witnessed a sharp drop of the revenue by 44.9% compared to the last year; total retail sales of consumer goods decreased 6.2% YOY, traditional manufacturing such as automobile also dropped slightly by 1.6%. On the contrast, medical industry surged with 10.0% increase, service industries such as IT services and high-end professional services, with strong growth momentum, each increased revenue by 13.8% and 19.2%.

To cope with the shift of consumers behavior due to the pandemic, retail industry took the new format and showed great result. By Q3 2020, the online retail sales increased by 31.8% YOY. The firm consumption demand further boosts the development of upper stream and downstream businesses, such as e-commerce, cross-border commerce, FMCG procurement, and logistics.

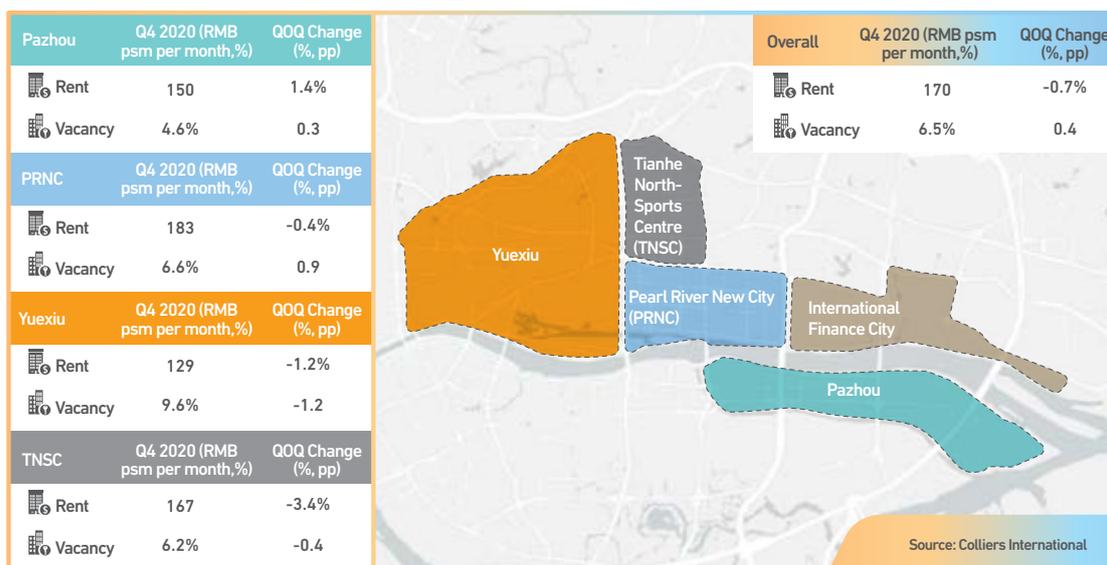
## GUANGZHOU OFFICE PROPERTY MARKET

Grade A offices in Guangzhou are mainly clustered in five areas: Tianhe North – Sports Centre (TNSC), Pearl River New City (PRNC), Yuexiu, International Finance City, and Pazhou. Tianhe North – Sports Centre is the traditional CBD and second largest business area in terms of office space, hosting many state-owned enterprises, governmental agencies and institutes. Pearl River New City is the current CBD of Guangzhou, hosting 13 MNC China headquarters, 140 Fortune 500 enterprises, among many other domestic private business entities. Yuexiu submarket is the traditional business trade centre with companies mainly in cultural, educational, domestic & international trade, and tourism industries. Pazhou and International Finance City are the two emerging markets. Pazhou is positioned as the regional headquarter base, aiming to attract domestic and international companies to allocate their regional headquarters in the area. International Finance City, is a newly planned financial CBD specialised in building comprehensive financial industry chain in Guangzhou.

Despite of more new supply scheduled to enter the market in 2020, most of them are postponed to 2021. Only one new office project in Pazhou entered the market in 2020, with total leasable area of 102,000 sq m, pushing the total stock of Guangzhou Grade A office to 5.3 million sq m.

Impacted by the COVID-19 outbreak, the overall performance of office leasing market was sluggish in 2020. The increasing uncertainty of the economic environment casted a shadow over the market confidence; causing most international corporates act more cautiously when it comes to their relocation or expansion plan. TMT sector outperformed the market and became the most active sector on the office leasing market, thanks to their outstanding economic performance. Finance sector also showed strong resilience with their solid leasing demand. The two sectors combined contributed to nearly 50% of total market leading demand in 2020.

### GUANGZHOU AVERAGE RENT AND VACANCY RATE BY SUBMARKET (Q4 2020)



Source: Colliers International

## PROPERTY VALUATION REPORT

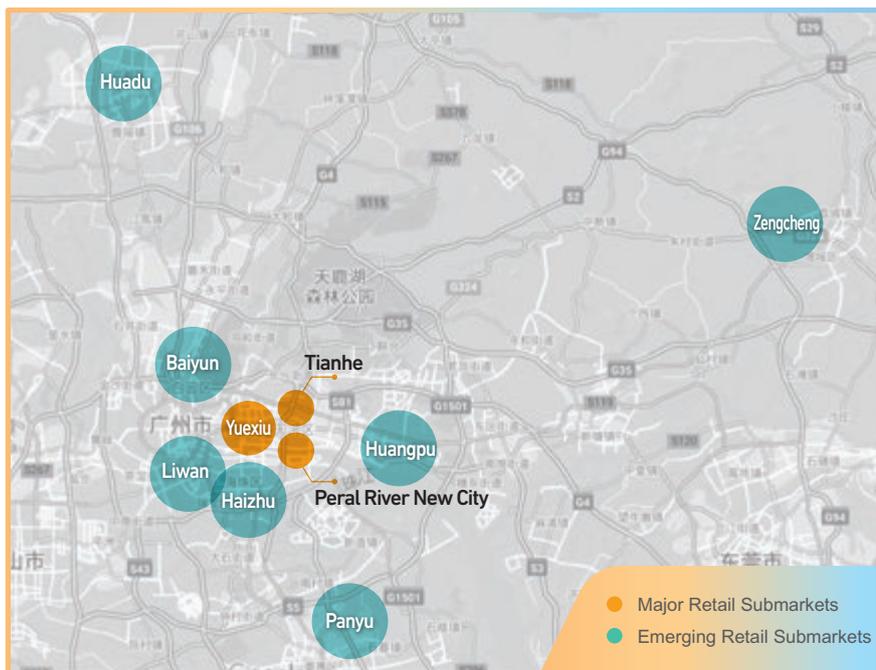
The overall market rental level of Grade A office in Guangzhou dropped slightly to RMB 170 per sq m. By district, Pearl River New City is the most resilient submarket, recording the highest average rent of RMB183 per sq m per month with slight adjustment. Pazhou, the only submarket with an increasing rental level of 1.4% QOQ, recorded the average rent of RMB150 per sq m per month despite of the downward pressure of the new supply.

The overall vacancy rate increased slightly to 6.5% but remained to be the lowest among all Tier 1 cities. However, it is expected to increase significantly, as nearly 3.5 million sq m new supply is expected to enter the market in the next five years. The influx of new supply shall undoubtedly drive up the vacancy rate of across the city and create a favourable market environment for the tenants.

### GUANGZHOU RETAIL PROPERTY MARKET

Guangzhou retail market has evolved from large department stores to multi-purpose, modern service shopping centres today, forming three prime retail catchments: Tianhe, Pearl River New City, and Yuexiu. Benefiting from the sophisticated commercial environment and established infrastructure, Tianhe owns the highest rental price in the city. The tenants in the area are some of the most sought-after in the world, which include but not limited to high-end fashion and accessories, luxury jewellery, premier restaurants, niche and boutique stores, as well as some other fashionable F&B chains. Pearl River New City has the top-notch business atmosphere and serves mainly the retail customer base of mid to high end white-collar work force within the catchment. Yuexiu retail catchment has been a traditional point of interest with central location and convenient accessibility. However, due to the aged facilities and dated management styles, Yuexiu retail operators are facing the difficulties to attract and retain leading tenants. Apart from the three prime retail catchments, the development of emerging retail areas starts to speed up. Currently, there are seven emerging retail areas: Haizhu, Li'wan, Baiyun, Panyu, Huangpu, Zengcheng, and Huadu.

### MAP OF GUANGZHOU MAJOR RETAIL SUBMARKETS



By end 2020, the total prime retail stock in Guangzhou topped 6.2 million sq m, including 868,000 sq m new supply of 6 projects entering the market, all in the emerging areas. Tianhe and Yuexiu remain to be the two biggest markets. Tianhe particularly, is the only submarket with more than one million retail space. Emerging areas are experiencing rapid development, the market share of which accounted for approximately 60% of total retail stock.

## RETAIL NEW SUPPLY IN GUANGZHOU, 2020

Project	Area	GFA (sq m)	Opening Date
Yuehui City (悦匯城)	Liwan	280,000	Sep 2020
Nangang Wanda Plaza (南崗萬達廣場)	Huangpu	135,000	Sep 2020
Zengcheng Hengsheng One (增城合生匯)	Zengcheng	138,000	Dec 2020
Shangcheng Vankely (尚城萬科裡)	Huangpu	65,000	Dec 2020
Panyu Tianhe City (番禺天河城)	Panyu	150,000	Dec 2020
Jiahe Jinbo World (嘉禾金鉞天地)	Baiyun	100,000	Dec 2020

Source: Colliers International

In 2020, the overall demand for Guangzhou prime retail properties started to polarize under the impact of the pandemic. A fair amount of small to medium sized traditional retailers in fashion and F&B faced severe business challenges and surrendered their retail space, driving the citywide vacancy rate up by 4.7%, where some international premier brands managed to expand with more offline stores. The British luxury fashion brand Alexander McQueen made its debut in Taikoo Plaza; Hermès, the French luxury lifestyle and accessories manufacturer, also reopened in Taikoo Plaza after expanding the leasing area.

Some domestic cosmetic brands also have risen against the downward economic trend. Wow Colour and The Colorist both opened multiple new shops in Guangzhou in 2020; the online cosmetic brand, Perfect Diary, raised the newest round of funding, which allowed them to expand the business offline. By far, Perfect Diary owns 8 offline stores in Guangzhou and 37 in the Greater Bay Area.

The influx of large new supply, especially in the emerging retail catchments, drove up the vacancy rate citywide to 13.2%. The new supply has also intensified the competition. The retail operators and the landlords are actively exploring different pricing schemes to attract tenants. As a result, the ground floor rental level in the prime retail submarkets dropped 1.5% to approximately RMB 715 per sq m.

Looking ahead, it is expected that a total of 9 new shopping malls with aggregate GFA of 889,000 sq m will be scheduled for completion in 2021. Considering the surge of new supply and the vicinity of the pipeline projects, competition among these new shopping centres might further intensify, driving the vacancy rate to increase and the rental level to drop in the short term. The retail ambience in the emerging area such as Panyu, Huangpu and Zengcheng is expected to improve with the openings of new shopping centres and the development of transport infrastructure. Retail sector wise, the domestic brands in the FMCG and mass fashion industry shall continuously experience strong growth. Home and lifestyle, F&B, and luxury sectors shall also see strong growth momentum. The outlook for retail market in Guangzhou should remain positive in mid-to long term.

## PROPERTY VALUATION REPORT

### GUANGZHOU HOTEL MARKET

Guangzhou is the capital of Guangdong Province with a long history and rich cultural resources. The tourism and business sectors are the major demand driver for the hotel industry in Guangzhou. According to the Statistics Bureau of Guangzhou, the city realised a total income in tourism industry of RMB445.5 billion in 2019, indicating a year-on-year (YOY) increase of 11.1%. In the same year, Guangzhou hosted 67.7 million tourists who stayed overnight, the number of which grew by 3.7% YOY.

The number of officially registered star-rated hotels dropped slightly from 170 to 160 in 2019, according to Guangzhou Statistics Yearbook. However, the result most reflected the red tape than the supply of the market. In fact, high-quality hotels started to take bigger market share over past few years. By end of 2020, the number of 5-star hotels increased to 39. Most five-star hotels are located in Tianhe District, Huangpu District, Baiyun District, Huadu District and Nansha District.

Statistics on Tourism and Hotel: Guangzhou, 2014 – 2019

Item	Unit	2014	2015	2016	2017	2018	2019
Total Income from Tourism	RMB billion	252.2	287.2	321.7	361.4	400.8	445.5
Overnight tourism arrivals	million	53.3	56.6	59.4	62.8	65.3	67.7
Number of Star-rated Hotels	#	216	204	188	180	170	160

Source: Statistics Bureau of Guangzhou

There has been a shift of demand for Guangzhou hotel market. Back to 2010s, state owned enterprises and government related institutes were the main income contributors. Later, as the anti-corruption policy came into effect, the major revenue stream shifted to business guests. Corporate and business travellers became the major demand force. To fill in the guest rooms, four and five-star hotels decreased the room rates in order to retain the revenue source. Leisure demand also started to pick up. From 2014 to 2019, the ADR of star-rated hotels stayed between RMB480 to RMB500 per night.

Further affected by the COVID-19 outbreak in 2020, the number of both tourists and business travellers dropped significantly. By Q3 2020, the ADR had decreased by 8.6% to RMB452 per night. The occupancy rate of star-rated hotels, on the other hand, has been relatively stable, falling in between 61% and 66% from 2014 to 2019. As of Q3 2020, the average occupancy rate has recovered greatly to almost 50%, from 27.7% as of H1 2020.

## AVERAGE ADR AND OCCUPANCY RATE OF STAR-RATED HOTELS: GUANGZHOU, 2014 – Q3 2020



Source: Ministry of Culture and Tourism of the PRC

## GUANGZHOU'S SERVICED APARTMENT MARKET

Guangzhou has been an internationally renowned gateway city that attracts foreign investment and expat workers. Under the context of Greater Bay Area, the increasingly seamless integration of capital and resource in between the key cities, such as Hong Kong, Macau, and Shenzhen, has been boosting Guangzhou's economic development. The business dynamic has drawn more and more expat executives and high-income Chinese individuals to settle down, therefore enlarging the tenant base of serviced apartments.

The major serviced apartment submarkets in Guangzhou are centred around the traditional business and office centres as well as the higher-income housing areas, such as Tianhe North, Pearl River New City, and Yuexiu. There are mainly two types of serviced apartments: the Mid to high-end serviced apartment projects mainly operated by leading hospitality operators such as Ascott, Fraser, Hyatt, Four Seasons, Ritz Carlton, and high-end housing projects run by local property developers such as the Canton Residence (廣粵公館) and Gold Arch Residence (金亞花園). Situated in prime commercial and business centres adjacent to premium office buildings, luxury shopping malls and tourism attractions, these serviced apartments are well equipped to accommodate to the demands and needs from both corporate and individual tenants.

As of Q3 2020, the total stock of serviced apartments remained at approximately 3,100 units, as no new projects entered the market. With the pandemic further escalating in HK, more business professionals decided to travel back to Guangzhou, driving the vacancy rate down by 5.8 percent points to 24.3%. The average rent remained largely stable. By Q3 2020, the rental level of Guangzhou serviced apartment market was recorded at RMB4.6 per sq m per day.

## PROPERTY VALUATION REPORT

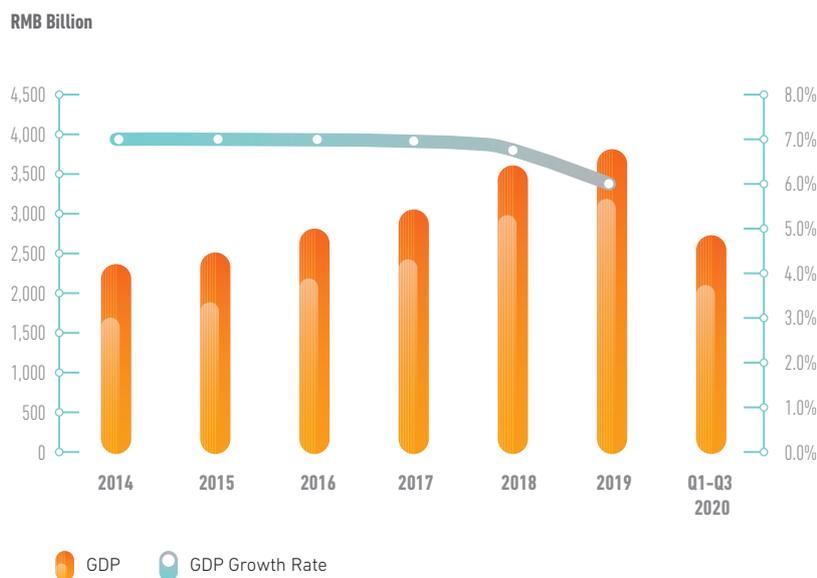
### SHANGHAI OVERVIEW

Shanghai is one of the largest and most important metropolises in the world with permanent residential population of approximately 24.2 million as of 2019. Shanghai has 16 districts under its jurisdiction and its city proper is geographically divided into two parts by the Huangpu River (黃浦江): Puxi (浦西) and Pudong (浦東). Puxi encompasses the historical centre of the city and is composed of seven central districts on the Western bank of the river. Pudong New Area, east of the river, is a modern and more developed financial district full of high-rise developments, and home to several special economic zones. The other eight districts are commonly considered as the suburban areas of the city.

Shanghai is well positioned as one of the global financial centres and a national commercial and transportation hub. Over the past two decades, Shanghai has been one of the cities that experienced fast economic growth. Since 2010, the city-level GDP annual growth rate has stabilised between 6.5% and 8.0%. As of 2019, Shanghai's GDP increased by 6.0% year on year (YOY) to about RMB3.8 trillion. Shanghai's economic growth is primarily driven by the tertiary service sector, which made up approximately 75% of Shanghai's total GDP. The three largest service sectors are of the financial services, retail and IT industries.

Influenced by the COVID-19 pandemic, the Shanghai's GDP experienced continuous downward movement. Despite the downturn, GDP depreciation was slowly flattened out recently and remained at -0.3% as of Q3 2020, reaching RMB2,730 billion, reflecting the strong resilience of the Shanghai economy.

### GDP AND GDP GROWTH RATE OF SHANGHAI, 2014 – Q3 2020

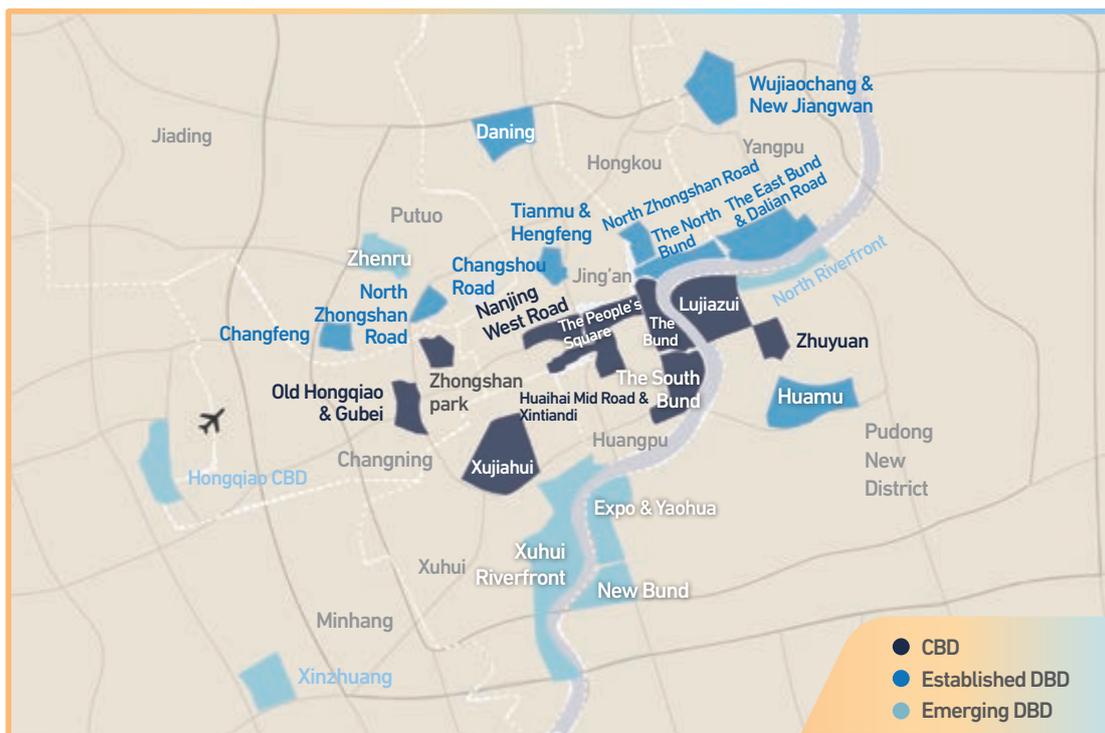


Source: Shanghai Statistics Bureau

## SHANGHAI OFFICE PROPERTY MARKET

As a global financial and trade centre, Shanghai has attracted many multinational companies and local enterprises to establish their global and regional headquarters in the city. The rapid economic development and large capital inflow have promoted the development of the Grade A office market in Shanghai. The Grade A office market in Shanghai is generally divided into Central Business District (CBD) and Decentralised Business District (DBD) in terms of price, location, building density, quality and amenities. Major submarkets in the CBD area include Lujiazui (陸家嘴), People's Square (人民廣場), Nanjing West Road (南京西路), Huaihai Middle Road (淮海中路), Xintiandi (新天地), the Bund (外灘), etc. with major tenants from financial and related professional services industries. Major submarkets in the DBD area include the North Bund (北外灘), Sichuan North Road (四川北路), the East Bund (東外灘), Huamu (花木), Zhongshan North Road (中山北路), Wujiaochang (五角場), etc, with major tenants from regional research centres as well as science and technology, manufacturing, trade and R&D enterprises. By end of 2020, the total stock of Shanghai Grade A office market reached 14.4 million sq m.

### MAP OF SHANGHAI MAJOR OFFICE SUBMARKETS



Source: Colliers International

## PROPERTY VALUATION REPORT

Largely a result of the COVID-19 outbreak, many of the projects have postponed their debuts to the second half of 2020. There were 11 new projects entering the market in H2 2020, providing 820,000 sq m of new supply, driving up the overall vacancy rate to 23.0%, an increase of 4% HOH. West Nanjing Road Submarket achieved the highest rent of RMB11.65 psm per day with vacancy rate of around 10%. Lujiazui and Zhuyuan submarket, where the Yuexiu Tower was located, contributed a total stock of 3.1 million sq m with the rental levels ranging between RMB9 and RMB10 psm per day, implying a YOY decrease of around 10%, and vacancy rate of around 15%.

The demand from the professional services, manufacturing and financial sectors continued to be strong. These industries combining together contributed to a total net absorption of 344,000 sq m as of Q4 2020. Largely due to the high vacancy rate which caused by the supply wave in H2 2020, citywide rental rate declined by 11.0% YOY to RMB 7.64 psm.

Between 2021 and 2023, a total of 8.2 million of grade A office new supply is anticipated to enter the market with the vacancy forecasting to peak in 2022. The rental level expects to see a drop in 2020, which might slowly recover once the new supply gets absorbed by the market.

### WUHAN

#### OVERVIEW

Wuhan is the capital and most populous city of Hubei Province, and one of the cities with the largest urban areas in China covering a total of 8,569.2 sq kilometres. According to the Statistics Bureau of Wuhan, the city's permanent population was recorded at approximately 11.2 million as of the end of 2019. Not only a provincial capital city, Wuhan is also recognised as a political, economic, financial, cultural centre, and a key transport hub in Central China.

Situated on the eastern Jiangnan Plain, which is at the intersection of the middle reaches of the Yangtze and Han Rivers, Wuhan is divided into three parts: Hankou (漢口), Hanyang (漢陽) and Wuchang (武昌). Hankou forms part of the urban core area, which is recognised as the traditional city centre of Wuhan. Wuchang, situated east of the Han River, is commonly known as the political, cultural and information centre. It is also home to the Hubei Provincial Committee and Hubei Provincial Government. More than 200 Multinational Corporations (MNCs), financial institutions, business enterprises and company headquarters are in Wuchang. Hanyang is known as the origin point of modern industrialisation in China and has remained to be an important industrial hub in Wuhan.

Wuhan's economy was growing rapidly from 2014 to 2019. Over the six years, the annual GDP growth rates fell between 7% and 10%. As of end-2019, the city realised a GDP of RMB1.6 trillion, up by 7.4% YOY. The proportion of the primary, secondary and tertiary industries was 2.3:36.9:60.8, and the tertiary industry was the fastest growing sector. In 2019, The retail industry, an important driver of economic growth, increased by 8.9% YOY to RMB745.0 billion, among which, the online retail sector achieved buoyant growth of 17.9% YOY.

## GDP AND GDP GROWTH RATE: WUHAN, 2014 – Q3 2020



Source: Statistics Bureau of Wuhan

## WUHAN OFFICE PROPERTY MARKET

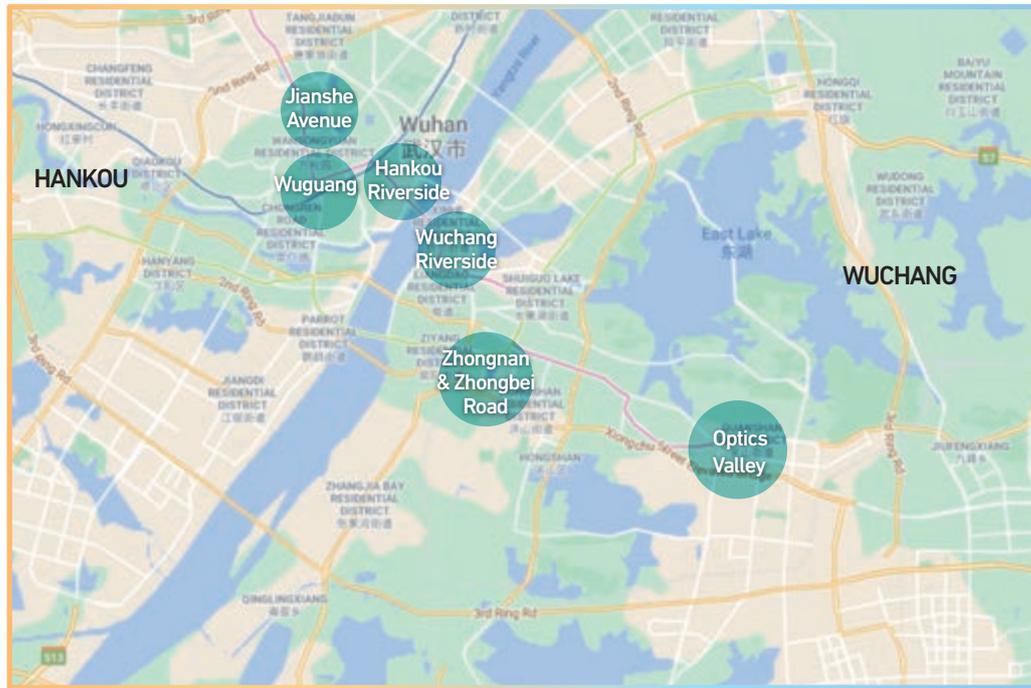
Wuhan's Grade A office mainly cluster in seven submarkets, including Jianshe Avenue (建設大道), Wuguang (武廣), Jiefang Avenue (解放大道), Hankou Riverside (漢口沿江), Wuchang Riverside (武昌沿江), Zhongnan & Zhongbei Road (中南中北路) and Optics Valley (光穀).

In Q3 2020, economic indicators were generally experiencing mild recoveries. The business sector has become more active, retrieving business confidence. To accelerate economic recovery, Wuhan Government has been publishing revitalisation policies on consumption, business, transportation infrastructure, tourism, online industries, etc.

The Grade A office market in Wuhan is also recovering steadily. There were no Grade A office projects entered Wuhan in the first three quarters of 2020, and the total market stock stayed at approximately 2.2 million sq m. Leasing demand for high-quality office space in Q3 mainly came from TMT, professional services, real estate, financial and educational industries. Online educational leaders such as Yuanfudao (猿輔導) are actively expanding office space. Vacancy rate has been high since 2016 due to the supply peaks in 2016 and 2018, at around 30.5% in Q3 2020.

## PROPERTY VALUATION REPORT

### MAP OF WUHAN MAJOR OFFICE MARKETS



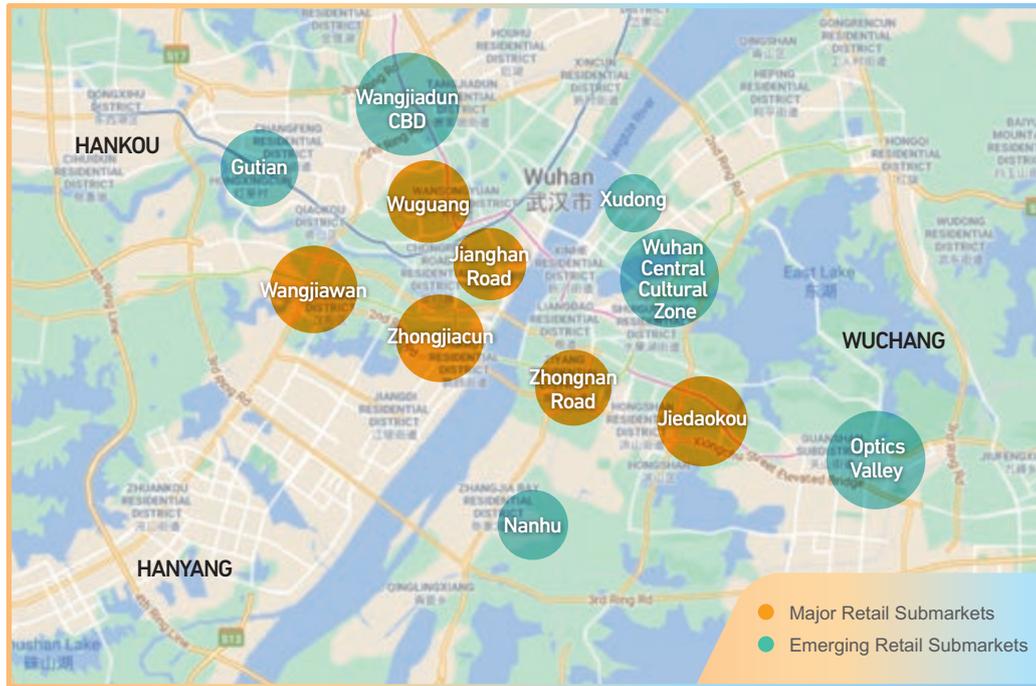
Source: Colliers International (for identification purposes only)

### WUHAN RETAIL PROPERTY MARKET

Currently, there are six major retail areas and six emerging retail areas scattered in Hankou, Wuchang and Hanyang catchments. Hankou Catchment is the traditional downtown area hosting two well-established retail areas: the Wuguang Area (武廣商圈) and the Jiangnan Road Area (江漢路商圈). Wuchang Catchment, situated along the eastern bank of the Yangtze River, is home to the Hubei Provincial Government (湖北省政府) and two major retail areas - Zhongnan Road Area (中南路商圈) and Jiedaokou Area (街道口商圈). Hanyang Catchment has two major retail areas namely the Zhongjiacun Area (鐘家村商圈) and the Wangjiawan Area (王家灣商圈). As Wuhan's Metro system extends, retail areas including Gutian (古田), Nanhu (南湖), Wangjiadun CBD (王家墩中央商務區), Xudong (徐東), Wuhan Central Culture Zone (武漢中央文化區) and Optics Valley (光穀) have modern shopping facilities emerged and clustered within the area.

There was no new supply recorded in Q3 2020, and the total market stock stayed at around 2.3 million sq m. Consumption demand has been recovering quickly, and F&B was the most active sector as of Q3 2020. Leasing demand from traditional Chinese cuisine brands and tea beverage brands was active. The famous domestic cosmetic brand – Perfect Diary (完美日記), and beauty retailer WOW COLOUR added new stores in the third quarter. Automotive and digital product retailers also rented new stores across the city. Meanwhile, a few shopping centres are experiencing refurbishments, upgrades and tenant mix adjustments to be more competitive. As of Q3 2020, the average first floor rental rates of high-quality shopping malls based on net lettable area (NLA) dropped slightly to around RMB18.4 per sq m (psm) per day.

## MAP OF WUHAN MAJOR RETAIL SUBMARKETS



Source: Colliers International (for identification purposes only)

## HANGZHOU OVERVIEW

Hangzhou is located at the southern branch of the Yangtze River Delta. Covering a land area of over 16,000 square kilometres, Hangzhou is one of the six largest metropolitan areas in China and has a population of almost 10.4 million in 2019.

Over the past decade, growth rate of GDP in Hangzhou has been consistently above the average level nationwide, growing from RMB594.9 billion in 2010 to RMB1,537.3 billion in 2019 with the compounded annual growth rate of 11.0%. In 2019, Hangzhou ranked the third in terms of GDP among other cities in the Yangtze River Delta region, behind only to Shanghai and Suzhou. Due to the outbreak of COVID-19 pandemic, citywide GDP growth rate as of Q1 2020 recorded -4.8%. Going into the third quarter of 2020, with the pandemic slowly being contained along with recovery in the economy, Hangzhou's GDP growth rate saw rebound in Q3 2020 to 3.2%, among which, the tertiary industry saw the greatest rebound with growth rate restoring to 4.6%, reflecting the strong resilience of Hangzhou economy.

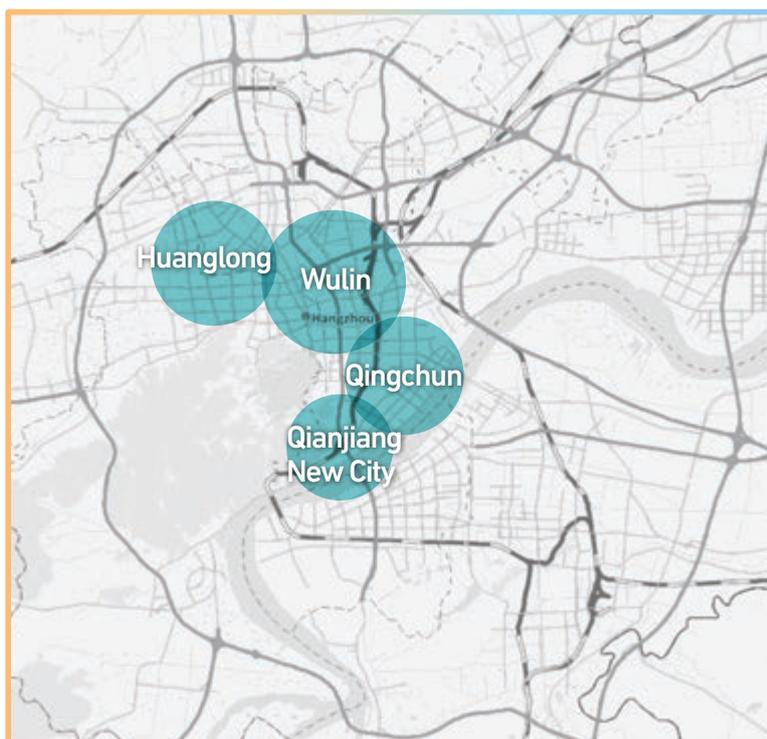
According to the 14th Five-year Plan of Hangzhou, the city is aiming to build a world-class digital industry cluster, Accelerate the construction of the Hangzhou National AI Innovation Development Pilot Zone, and promote the construction of Hangzhou as a national city of cloud computing and blockchain, an international hub for digital security and fintech.

## PROPERTY VALUATION REPORT

### HANGZHOU OFFICE PROPERTY MARKET

In 2020, new supply of Grade A office properties in Hangzhou reached approximately 420,000 sq m, including Wulin No.1(杭州濱綠大廈(武林壹號)), EFC T6(歐美金融城), Shinon Plaza(星耀城四期), pushing the vacancy rate of Hangzhou Grade A office market to 21%. Largely a result of the new supply, total Grade A office stock increased to approximately 3.3 million sq m as of H2 2020. Traditional financial, manufacturing, consumer retail, and IT/tech continued to be the demand drivers with net annual take-up reaching 1,423,000 sq m. Rental for Grade A offices in Hangzhou recorded a moderate increase to RMB4.22 per sq m per day in H2 2020 compared to RMB4.19 psm per day in 1H 2020. By submarket, average office rent of Wulin and Huanglong submarket stayed the highest among other submarkets with RMB4.96 per sq m per day and RMB4.56 per sq m per day. The vacancy rate of these two areas were recorded at 37% and 17% respectively.

### MAP OF HANGZHOU MAJOR OFFICE SUBMARKETS



Source: Colliers International (for identification purposes only)

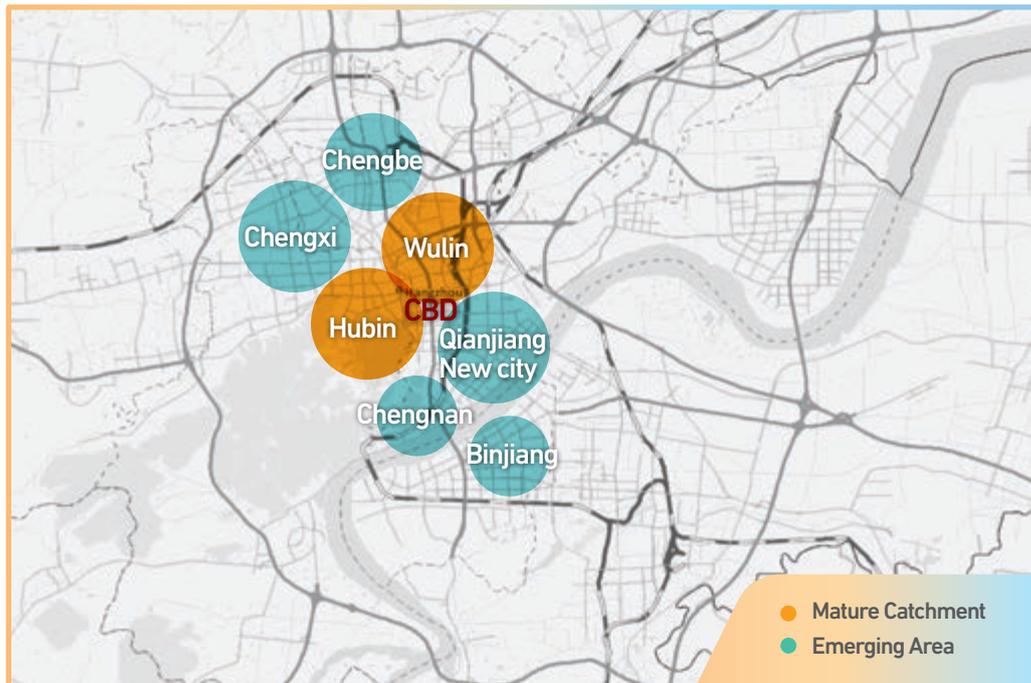
A total of two Grade A office projects are scheduled to complete and hand over onto the market in 2021. Supplies in the pipeline are forecasted to provide a combined GFA of approximately 245,000 sq m to the market. This new supply includes the China Life Building (中國人壽大廈) and Hangzhou Wanxiang Life T1 (杭州萬象世界T1). Looking forward, the Grade A office market of Hangzhou is expected to experience robust growth with active demand and healthy supply. In the short term, the new supply might push up the vacancy rate slightly; however, considering the growing demand, the rental level shall remain firm with optimistic outlook in the foreseeable future.

## HANGZHOU RETAIL PROPERTY MARKET

In 2020, one prime retail property, East Station Mixc One (杭州東站萬象匯), entered the market of Hangzhou, contributing a total GFA of approximately 115,000 sq m. As a result, the total stock of prime retail in Hangzhou was increased to 4.1 million sq m in 2020, and overall vacancy rate rose by 1.5 ppts to 3.5%.

The overall performance of prime retail properties in Hangzhou remained stable in 2020 despite of the influence of the pandemic. The average ground floor rent of prime retail properties adjusted slightly to RMB14.6 psm per day in 2020 from RMB14.8 psm per day in 2019. Hubin Submarket commands the highest rent of RMB30.5 psm per day with a vacancy rate as low as 2%.

### MAP OF HANGZHOU MAJOR RETAIL SUBMARKETS



Source: Colliers International (for identification purposes only)

New supply of prime retail properties in 2021 is forecasted to reach 772,000 sq m, of which the most notable ones include Hangzhou Ganglong City Plaza (杭州港龍城市廣場), Olympic In City (奧體印象城) and Hangzhou Goldsun Plaza (杭州高德置地廣場). Looking forward, the social e-commerce, night consumption, among other omni channel new economies, will continue to be the growth driver for retail sector.

As the leasing demand gradually recovers after the pandemic, the rental performance of high-quality retail properties in major districts in Hangzhou is expected to remain stable.

## PROPERTY VALUATION REPORT

### LIMITING CONDITIONS

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

In accordance with our standard practice, we must state that this valuation report is for the use only of the party to whom it is addressed for the stated purpose and shall be relied upon by each of the Trustee, the Manager and the Unitholders of the Yuexiu REIT, and no responsibility is accepted to any third party for the whole or any part of its content.

### REMARKS

We hereby confirmed that:

- We have no present or prospective interest in Yuexiu REIT Properties and are not related corporation of nor have relationship with the Manager, the Trustee or any other party or parties which Yuexiu REIT is contracting with;
- We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties;
- Our opinions have been given on fair and unbiased basis; and
- We are acting as an independent valuer as defined in "RICS Global Valuation Standards 2020", the "HKIS Valuation Standards 2020" published by the RICS and the HKIS, which incorporates with the IVSC.

### CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation summary report are attached hereto.

Yours faithfully,  
For and on behalf of

**Colliers International (Hong Kong) Limited**

**Zhirong He (Flora He)**

*Registered Valuer (RICS)*

*FRICS MCOMFIN*

*Executive Director, Valuation and Advisory Services, China*

**Eric Tsang**

*Registered Valuer (RICS)*

*BSc (Hons), MRICS, MHKIS, RPS (GP)*

*Senior Director, Valuation & Advisory Services, Asia*

Note: Ms. Zhirong He is a Registered Valuer with over 18 years' experience in valuation of properties in PRC.

Mr. Eric Tsang is a professional surveyor who has over 20 years' experience in valuation of properties in Hong Kong and PRC.

## SUMMARY OF VALUES CONTAINED IN VALUATION SUMMARIES

PROPERTY		MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2020
NO.	PROPERTY	
1.	Guangzhou International Finance Centre No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB18,774,000,000
2.	Various Units in White Horse Building, Nos. 14, 16 & 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	RMB5,089,000,000
3.	Various Units and 110 Car Spaces at basement Levels 1 & 2 in Fortune Plaza, Nos. 114, 116 & 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB1,251,000,000
4.	Various Units and 179 Car Spaces at Basement Levels 1 & 2 in City Development Plaza, Nos. 185, 187 & 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB1,051,000,000
5.	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	RMB951,000,000
6.	Tower 2 & 315 Car Spaces at Basement Levels 1 & 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, The PRC	RMB612,000,000

## PROPERTY VALUATION REPORT

PROPERTY		MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2020
NO.	PROPERTY	
7.	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Sub-district, Pudong New Area, Shanghai, The PRC	RMB3,086,000,000
8.	Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and Various Car Spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province, The PRC	RMB 3,674,000,000
<b>Grand Total:</b>		<b><u>RMB34,488,000,000</u></b>

## VALUATION SUMMARY – PROPERTY 1

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2020
1	Guangzhou International Finance Centre, No.5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The Property, known as Guangzhou International Finance Centre ("GZ-IFC"), was completed in 2010 and 2011 in stages and it comprises a mixed-use development with a 103-storey above ground ("main building"), a 28-storey annex building and a 4-storey basement erected on a site with a site area of 27,508.06 square metres (sq m). The Property consists of retail, office, hotel, serviced apartment and 1,703 underground car spaces with a total gross floor area (GFA) of 457,356.68 sq m.</p> <p>Retail Podium</p> <p>The retail podium is located in the annex building of the Property from Basement 1 to Level 5 with a total GFA of 46,989.16 sq m, including a staff canteen with a GFA of 2,698.93 sq m on Level 4.</p> <p>Office</p> <p>The office portion is provided on Levels 4 to 65 in the main building and Levels 27 and 28 in the annex building of the Property having a total GFA of 183,539.65 sq m.</p> <p>Hotel</p> <p>The hotel portion of the Property is currently operated as a luxury hotel under the tradename of "Four Seasons Hotel Guangzhou" providing 344 hotel guestrooms at Levels 68 to 100 of the main building of the Property with ancillary facilities such as food and beverage, conference rooms, fitness center, SPA, swimming pool and so on having a total GFA of 89,198.83 sq m.</p>	<p>At the Valuation Date, retail, office and carpark portions of the Property having occupancy rates of 97.3%, 90.9% and 100% were let to various tenants at an aggregate monthly rent of approximately RMB44,800,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date of 30 June 2026; whilst the hotel and serviced apartment portion of the Property were operated by third parties under respective consultancy agreement(s) and management agreement(s).</p>	RMB 18,774,000,000 (RENMINBI EIGHTEEN BILLION SEVEN HUNDRED AND SEVENTY FOUR MILLION)

## PROPERTY VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE
				IN EXISTING STATE AS AT 31 DECEMBER 2020
		Serviced Apartment		
		The serviced apartment portion of the Property is currently operated as a serviced apartment under the tradename of "Ascott IFC Guangzhou" at Levels 6 to 28 of the annex building of the Property with 314 units having a total GFA of about 51,102.26 sq m including a clubhouse on Level 6 having a GFA of 2,866.96 sq m.		
		Carpark & Ancillary Areas		
		The Property includes 1,703 underground car spaces as well as ancillary areas for refuge floor, machine and facilities' room having a GFA of 71,082.79 sq m and 15,443.99 sq m respectively.		
		Pursuant to the real estate ownership certificates provided, the land-use rights of the Property have been granted for office use for a term of 50 years from 23 June 2008; for tourism and retail uses for a term of 40 years from 23 June 2008.		

### Notes:

- i) Pursuant to Yue (2017) Guangzhou Shi Bu Dong Chan Quan Di 00216281 Hao and three hundred and eighty copy of real estate ownership certificates, the ownership of the Property is vested in 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd.).
- ii) Pursuant to a set of copy of various real estate ownership certificates, Unit 620, Unit 720, Unit 730, Unit 820, Unit 830, Unit 920, Unit 930, Unit 1020, Unit 1030, Unit 1120, Unit 1130, Unit 1220, Unit 1230, Unit 1320, Unit 1330, Unit 1420, Unit 1430, Unit 1520, Unit 1530, Unit 1620, Unit 1630, Unit 1720, Unit 1730, Unit 1820, Unit 1830, Unit 1920, Unit 1930, Unit 2020, Unit 2030, Unit 2120, Unit 2130, Unit 2220, Unit 2230, Unit 2320, Unit 2330, Unit 2420, Unit 2430, Unit 2520, Unit 2530, Unit 2620, Unit 2630, Unit 2720, Unit 2820, Unit 4501, Unit 4502, Unit 4503, Unit 4504, Unit 4505, Unit 4506, Unit 4601, Unit 4602, Unit 4603, Unit 4604, Unit 4605, Unit 4606, Unit 4701, Unit 4702, Unit 4703, Unit 4704, Unit 4705, Unit 4706, Unit 5001, Unit 5002, Unit 5003, Unit 5004, Unit 5005, Unit 5006, Unit 5101, Unit 5102, Unit 5103, Unit 5104, Unit 5105, Unit 5106, Unit 5201, Unit 5202, Unit 5203, Unit 5204, Unit 5205, Unit 5206, Unit 5301, Unit 5302, Unit 5303, Unit 5304, Unit 5305, Unit 5306, Unit 5307, Unit 5401, Unit 5402, Unit 5403, Unit 5404, Unit 5405, Unit 5406, Unit 5407, Unit 5501, Unit 5502, Unit 5503, Unit 5504, Unit 5505, Unit 5506, Unit 5507, Unit 5601, Unit 5602, Unit 5603, Unit 5604, Unit 5605, Unit 5606, Unit 5607, Unit 5701, Unit 5702, Unit 5703, Unit 5704, Unit 5705, Unit 5706, Unit 5707, Unit 5801, Unit 5802, Unit 5803, Unit 5804, Unit 5805, Unit 5806, Unit 5807, Unit 6101, Unit 6201, Unit 6301, Unit 6401, Unit 6501, Unit 6801, Unit 6901, Units 7001 to 7201, Units 7401 to 8001, Units 8201 to 10001, Unit 2730 and Unit 2830 with an aggregate GFA of 184,003.34 sq m are subject to mortgages.
- iii) The hotel portion of the Property is subject to and carries the benefits to a hotel operating agreement and a hotel consultancy agreement for an initial term of 15 years renewable for a further term of 10 years from the date of opening at a consultancy fee of 1.75% on total revenue, a basic management fee of 0.25% on total revenue and an incentive management fee varied from 2.0% to 8.0% on Gross Operating Profit in each financial year depends on operating performance.
- iv) The serviced apartment portion of the Property is subject to and carries the benefits to an operation contract for and initial term of 10 years renewable for a further term of 10 years from the date of opening at a basic management fee of 2.0% on total revenue and an incentive management fee varied from 3.0% to 6.0% on adjusted Gross Operating Profits in each financial year.

v) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Retail	46,727.28	45,465.66	RMB80,900,000
Office	183,539.65	166,837.50	RMB440,200,000
Carpark	71,082.79	71,082.79	RMB16,700,000
Total	301,349.72	283,349.19	RMB537,800,000

vi) Annual net property income exclusive of value-added tax as at the Valuation Date and GFA breakdown of the hotel portion and serviced apartment of the Property are tabulated as follows:

Use	Gross Floor Area (sq m)	No. of Unit/Guestroom	Annual Net Property Income (approx.)
Hotel	89,198.83	344	RMB59,200,000
Serviced Apartment	51,102.26	314	RMB56,600,000
Total	140,301.09	658	RMB115,800,000

vii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	6.5%
1	2	2.2%
2	3	2.2%
3	4	0.3%
4	5	10.0%
5	6	7.1%
6	7	12.8%
7	8	0.6%
8	9	58.3%
9	10 or more	0.0%
Total		100.0%

## PROPERTY VALUATION REPORT

viii) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the retail portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	17.7%
In 2022	9.1%
In 2023	5.9%
In 2024	1.2%
In 2025 and afterward	66.1%
<b>Total</b>	<b>100.0%</b>

ix) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the office portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	2.6%
1	2	8.5%
2	3	55.8%
3	4	4.5%
4	5	22.1%
5	6	4.9%
6	7	1.2%
7	8	0.0%
8	9	0.0%
9	10 or more	0.4%
<b>Total</b>		<b>100.0%</b>

x) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the office portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	44.9%
In 2022	24.2%
In 2023	16.7%
In 2024	7.4%
In 2025 and afterward	6.8%
<b>Total</b>	<b>100.0%</b>

xi) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value(s) of the Property.

- xii) As advised of the Manager, the Property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.
- xiii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	4.00% per annum
		Reversion Yield	4.50% per annum
Office	Income Capitalisation Method	Term Yield	3.75% per annum
		Reversion Yield	4.25% per annum
Hotel	DCF Method	Average Daily Rate	1,981
		Occupancy Rate	70% in Year-1 of Projection
		Discount Rate	7.25% per annum
Serviced Apartment	DCF Method	Average Daily Rate	1,057
		Occupancy Rate	85% in Year-1 of Projection
		Discount Rate	7.00% per annum
Carpark	Income Capitalisation Method	Term Yield	4.00% per annum
		Reversion Yield	4.50% per annum

- xiv) Breakdown market values of the Property as at the Valuation Date area listed as follows:

Portion	Income		Market Value
	Capitalisation Method	DCF Method	
Retail	RMB2,763,000,000	NAP	RMB2,763,000,000
Office	RMB10,625,000,000	NAP	RMB10,625,000,000
Hotel	NAP	RMB2,556,000,000	RMB2,556,000,000
Serviced Apartment	NAP	RMB2,232,000,000	RMB2,232,000,000
Carpark	RMB598,000,000	NAP	RMB598,000,000
Total			RMB18,774,000,000

## PROPERTY VALUATION REPORT

- xv) The estimated net yield of the Property is 3.48% which is derived from the estimated rental received for the retail, office, and carpark portion as well as annual net property income from the hotel and serviced apartment portions in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.
- xvi) We have been requested to provide the notional apportionment of land and building elements of the hotel portion of the Property based on market value of the hotel portion of the Property as at the Valuation Date. Our opinion of the building element of the hotel portion of the Property represents our estimate of the new replacement cost of such portion including professional fees and finance charges, from which deductions are made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The land element of the hotel portion of the Property is arrived by deducting the building element of the hotel portion of the Property from its market value. We are of the opinion that the notional apportionment the land and building elements of the hotel portion of the Property base on the market value as at the Valuation Date are RMB1,154,000,000 (RENMINBI ONE BILLION ONE HUNDRED AND FIFTY FOUR MILLION) and RMB1,402,000,000 (RENMINBI ONE BILLION FOUR HUNDRED AND TWO MILLION) respectively. Kindly note that the said apportioned values should not be used other than financial reporting purpose.
- xvii) We have been requested to provide the notional apportionment of land and building elements of the serviced apartment portion of the Property based on market value of the serviced apartment portion of the Property as at the Valuation Date. Our opinion of the building element of the serviced apartment portion of the Property represents our estimate of the new replacement cost of such portion including professional fees and finance charges, from which deductions are made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The land element of the serviced apartment portion of the Property is arrived by deducting the building element of the serviced apartment portion of the Property from its market value. We are of the opinion that the notional apportionment the land and building elements of the hotel portion of the Property base on the market value as at the Valuation Date are RMB1,525,000,000 (RENMINBI ONE BILLION FIVE HUNDRED AND TWENTY FIVE MILLION) and RMB707,000,000 (RENMINBI SEVEN HUNDRED AND SEVEN MILLION) respectively. Kindly note that the said apportioned values should not be used other than financial reporting purpose.

## VALUATION SUMMARY – PROPERTY 2

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE																						
				IN EXISTING STATE AS AT 31 DECEMBER 2020																						
2	Various Units in White Horse Building, Nos. 14, 16 & 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	<p>The Property comprises Level LG (Lower Ground) to Level 8 of White Horse Building, which is a 10-storey (including a lower ground floor mainly for management office and storage uses and a basement carpark) wholesale market completed in about 1990 with two extensions furnished between 1995 to 1997 and 1998 to 2000 respectively.</p> <p>The Property has a total GFA of 50,199.35 sq m, with details as below:</p>	At the Valuation Date, the Property having an occupancy rate of 94.0% was let to various tenants at an aggregate monthly rent of approximately RMB27,200,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 December 2024.	RMB5,089,000,000 (RENMINBI FIVE BILLION AND EIGHTY NINE MILLION)																						
		<table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>LG (Storage)</td> <td>1,121.68</td> </tr> <tr> <td>Level 1 (Commercial)</td> <td>7,667.04</td> </tr> <tr> <td>Level 2 (Commercial)</td> <td>7,199.80</td> </tr> <tr> <td>Level 3 (Commercial)</td> <td>7,684.91</td> </tr> <tr> <td>Level 4 (Commercial)</td> <td>7,695.56</td> </tr> <tr> <td>Level 5 (Commercial)</td> <td>7,466.39</td> </tr> <tr> <td>Level 6 (Commercial)</td> <td>7,443.90</td> </tr> <tr> <td>Level 7 (Commercial)</td> <td>2,003.54</td> </tr> <tr> <td>Level 8 (Commercial)</td> <td>1,916.53</td> </tr> <tr> <td>Total</td> <td>50,199.35</td> </tr> </tbody> </table>	Level (Use)	Gross Floor Area (sq m)	LG (Storage)	1,121.68	Level 1 (Commercial)	7,667.04	Level 2 (Commercial)	7,199.80	Level 3 (Commercial)	7,684.91	Level 4 (Commercial)	7,695.56	Level 5 (Commercial)	7,466.39	Level 6 (Commercial)	7,443.90	Level 7 (Commercial)	2,003.54	Level 8 (Commercial)	1,916.53	Total	50,199.35		
Level (Use)	Gross Floor Area (sq m)																									
LG (Storage)	1,121.68																									
Level 1 (Commercial)	7,667.04																									
Level 2 (Commercial)	7,199.80																									
Level 3 (Commercial)	7,684.91																									
Level 4 (Commercial)	7,695.56																									
Level 5 (Commercial)	7,466.39																									
Level 6 (Commercial)	7,443.90																									
Level 7 (Commercial)	2,003.54																									
Level 8 (Commercial)	1,916.53																									
Total	50,199.35																									
		<p>Pursuant to the real estate ownership certificates provided, the land-use rights of Level LG, portion of Level 4, and Level 5 to Level 8 with a GFA of 20,483.40 sq m of the Property have been granted for a term of 50 years commenced from 7 June 2005 zoned for storage and office uses; the land-use rights of Level 1 to Level 3 and the remaining portion of Level 4 with a GFA of 29,715.95 sq m of the Property have been granted for a term of 40 years commenced from 7 June 2005 zoned for commercial use.</p>																								

### Notes:

- i) Pursuant to Yue Fang Di Quan Zheng Sui Zi Di 0140018848 Hao and nine copy of real estate ownership certificates, the ownership of the Property is vested in 柏達投資有限公司 (Partat Investment Limited).

## PROPERTY VALUATION REPORT

ii) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	50,128.90	47,133.77	326,800,000
Total	50,128.90	47,133.77	326,800,000

iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	23.2%
1	2	5.3%
2	3	29.5%
3	4	28.5%
4	5	13.5%
Total		100.0%

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	27.4%
In 2022	33.6%
In 2023	37.5%
In 2024	1.5%
In 2025 and afterward	0.0%
Total	100%

v) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.

vi) As advised of the Manager, the Property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.

vii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Term Yield	7.00% per annum
		Reversion Yield	7.50% per annum

viii) The estimated net yield of the Property is 6.42% which is derived from the estimated rental received in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.

## VALUATION SUMMARY – PROPERTY 3

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2020										
3	Various Units and 110 Car Spaces at Basement Levels 1 & 2 in Fortune Plaza, Nos. 114, 116 & 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	<p>The Property is large majority portion in Fortune Plaza which comprises a 30-storey office ("Tower East") and a 20-storey office tower ("Tower West") erected on a 6-storey retail podium and a 2-storey basement car park, which is completed in 2003.</p> <p>The Property has a total GFA of 42,763.49 sq m, including 110 car spaces of approximately 1,408.29 sq m at Basement Levels 1 and 2 with details as below:</p> <table border="1"> <thead> <tr> <th>Certificated Use</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>17,316.42</td> </tr> <tr> <td>Office</td> <td>24,038.78</td> </tr> <tr> <td>Carpark</td> <td>1,408.29</td> </tr> <tr> <td>Total</td> <td>42,763.49</td> </tr> </tbody> </table> <p>Pursuant to the Real Estate Ownership Certificates provided, the land-use rights of the Property with a total GFA of 17,316.42 sq m have been granted for a term of 40 years commenced from 26 November 2002 zoned for commercial uses; the land-use rights of the property with a total GFA of 24,038.78 sq m have been granted for a term of 50 years commenced from 26 November 2002 zoned for office use; the land-use rights of the property with a total GFA of 1,408.29 sq m have been granted for a term of 50 years commenced from 26 November 2002 zoned for car park use.</p>	Certificated Use	Gross Floor Area (sq m)	Commercial	17,316.42	Office	24,038.78	Carpark	1,408.29	Total	42,763.49	<p>As the valuation date, majority retail and office portion of the Property having an occupancy rate of 97.3% was let to various tenants at an aggregate monthly rent of approximately RMB5,747,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 30 June 2026.</p> <p>The car park spaces were subject to a master lease agreement expiring on 18 November 2022 at a monthly rent approximately RMB203,000.</p>	RMB1,251,000,000 (RENMINBI ONE BILLION TWO HUNDRED AND FIFTY ONE MILLION)
Certificated Use	Gross Floor Area (sq m)													
Commercial	17,316.42													
Office	24,038.78													
Carpark	1,408.29													
Total	42,763.49													

## Notes:

- i) Pursuant to the copy of real estate ownership certificates, the ownership of the Property with a total GFA of 41,764.48 sqm is vested in 金峰有限公司 (Moon King Limited).
- ii) Pursuant to the copy of real estate ownership certificates, the ownership of Unit 1701 of Tower East of the Property, having a total GFA of 999.01 sqm is vested in 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd.).

## PROPERTY VALUATION REPORT

iii) Yuexiu REIT holds the following units in Fortune Plaza as of the Valuation Date.

Portion	Use	Level/Unit
Basement	Carpark	Basement Level 1 and Level 2
Retail Podium	Commercial	Unit 109, Level 2, Level 3, Level 4 and Level 5
Tower East	Office	Units 801, 802, 803, 805, 806, 808, 903, 905, 906, 908, 1101, 1102, 1108, 1201, 1202, 1203, 1205, 1206, 1208, 1301, 1302, 1303, 1305, 1306, 1308, 1401, 1402, 1403, 1405, 1406, 1408, 1701, 1901, 1902, 1903, 1905, 1906, 1908, 2501 & 2601, 2705, 2801, 3401 and 3501 & 3601
Tower East	Commercial	Level 37
Tower West	Office	Level 8, Level 9, Level 10, Units 1101, 1102, 1103, 1105, 1106, 1108, 1201, 1202, 1203, 1205, 1206, 1208, 1301, 1302, 1303, 1305, 1306, 1308, 1401, 1402, 1403, Level 15, Level 16, Level 17, Level 18, Units 1902, 1903, 1905, 1906, 2401 & 2501 and Level 26
Tower West	Commercial	Level 27

iv) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	3,853.07	3,586.37	11,000,000
Office	37,502.14	36,666.85	57,900,000
Carpark	1,408.29	1,408.29	2,400,000
Total	42,763.50	41,661.51	71,300,000

v) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0.0%
1	2	1.0%
2	3	7.5%
3	4	22.3%
4	5	5.2%
5	6	48.5%
6	7	15.4%
Total		100.0%

- vi) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	8.3%
In 2022	35.7%
In 2023	11.5%
In 2024	25.4%
In 2025 and afterward	19.1%
Total	100.0%

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

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Term Yield	6.75% per annum
		Reversion Yield	7.25% per annum
Office	Income Capitalisation Method	Term Yield	5.75% per annum
		Reversion Yield	6.25% per annum
Carpark	Income Capitalisation Method	Term Yield	4.00% per annum
		Reversion Yield	4.50% per annum

- x) The estimated net yield of the Property is 5.71% which is derived from the estimated rental received in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 4

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE										
				IN EXISTING STATE AS AT 31 DECEMBER 2020										
4	Various Units and 179 Car Spaces at Basement Levels 1 & 2 in City Development Plaza, Nos. 185, 187 & 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	<p>The Property is large majority portion of City Development Plaza comprising a 28-storey office and commercial building erected on a 2-storey car park, which is completed in 1997.</p> <p>The Property has a total GFA of 44,501.61 sq m, including 179 car spaces of approximately 2,104.25 sq m at Basement Levels 1 and 2 with details as below:</p> <table border="1"> <thead> <tr> <th>Certificated Use</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>11,757.54</td> </tr> <tr> <td>Office</td> <td>30,639.82</td> </tr> <tr> <td>Carpark</td> <td>2,104.25</td> </tr> <tr> <td>Total</td> <td>44,501.61</td> </tr> </tbody> </table> <p>Pursuant to the Real Estate Ownership Certificates provided, the land-use rights of the Property with a total GFA of 11,757.54 sq m have been granted for a term of 40 years commenced from 27 January 1997 zoned for commercial uses; the land-use rights of the Property with a GFA of 30,639.82 sq m have been granted for a term of 50 years commenced from 27 January 1997 zoned for office use; the land-use rights of the property with a total GFA of 2,104.25 sq m have been granted for a term of 50 years commenced from 27 January 1997 zoned for car park use.</p>	Certificated Use	Gross Floor Area (sq m)	Commercial	11,757.54	Office	30,639.82	Carpark	2,104.25	Total	44,501.61	<p>As the valuation date, majority retail and office portion of the Property having an occupancy rate of 96.7% was let to various tenants at an aggregate monthly rent of approximately RMB6,043,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 March 2026.</p> <p>The car park spaces were subject to a master lease agreement expiring on 18 November 2022 at a monthly rent approximately RMB316,000.</p>	RMB1,051,000,000 (RENMINBI ONE BILLION AND FIFTY ONE MILLION)
Certificated Use	Gross Floor Area (sq m)													
Commercial	11,757.54													
Office	30,639.82													
Carpark	2,104.25													
Total	44,501.61													

#### Notes:

- Pursuant to copy of real estate ownership certificates, the ownership of the Property with a total GFA of 44,501.61 sqm is vested in 福達地產投資有限公司 (Full Estate Investment Limited).
- Yuexiu REIT holds the following units in Fortune Plaza as of the Valuation Date.

Portion	Use	Level/Unit
Basement	Carpark	Basement Level 1 and Level 2
Commercial	Commercial	Units 101, 102, 103, 201, 202 and Level 3
Office	Office	Units 6A, 6C, 6D, 6E, 6F, 6G, 6I, 6J, 7A, 7H, 7I, 7J, 8C, 8D, 8E, 8F, 8G, 8H, 9D, 9E, 9F, 9G, 9H, 10A, 10C, 10D, 10E, 10F, 10G, 10H, 10I, 11A, 11B, 11C, 11D, 11E, 11F, 11G, 11H, 11I, 11J, Level 16, Units 17A, 17B, 17C, 17D, 17E, 17F, 17G, 17I, 17J, 18A, 18B, 18C, 18D, 18E, 18F, 18G, 18H, 18I, 18J, 19A, 19B, 19C, 19D, 19E, 19F, 19G, 19H, 19I, 19J, 20A, 20B, 20C, 20D, 20E, 20F, 20G, 20H, 20J, 21A, 21B, 21C, 21D, 21E, 21F, 21G, 21H, 21I, 21J, 22A, 22B, 22C, 22D, 22E, 22F, 22G, 22H, 22I, 22J, 23A, 23B, 23C, 23D, 23E, 23F, 23G, 23H, 23I, 23J, 24A, 24B, 24C, 24D, 24E, 24F, 24G, 24H, 24I, 24J, 25A, 25B, 25C, 25D, 25E, 25F, 25G, 25H, 25I, 25J, 26A, 26B, 26C, 26D, 26E, 26F, 26G, 26H, 26I, 26J, 27A, 27B, 27C, 27D, 27E, 27F, 27G, 27H, 27I, 27J, 28A, 28B, 28C, 28D, 28E, 28F, 28G, 28H, 28I, 28J

iii) Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	11,757.54	10,576.58	20,000,000
Office	30,639.82	30,409.28	52,500,000
Carpark	2,104.25	2,104.25	3,800,000
Total	44,501.61	43,090.11	76,300,000

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	2.1%
1	2	7.7%
2	3	25.4%
3	4	12.9%
4	5	38.6%
5	6	13.3%
Total		100.0%

v) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	53.1%
In 2022	23.5%
In 2023	12.9%
In 2024	1.1%
In 2025 and afterward	9.4%
Total	100.0%

vi) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.

vii) As advised of the Manager, the property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.

viii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Term Yield	6.75% per annum
		Reversion Yield	7.25% per annum
Office	Income Capitalisation Method	Term Yield	6.25% per annum
		Reversion Yield	6.75% per annum
Carpark	Income Capitalisation Method	Term Yield	4.00% per annum
		Reversion Yield	4.50% per annum

ix) The estimated net yield of the Property is 7.26% which is derived from the estimated rental received in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 5

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE																						
				IN EXISTING STATE AS AT 31 DECEMBER 2020																						
5	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, The PRC	<p>The Property is a retail podium portion from Basement Level 1 to Level 6 of Victory Plaza, which was completed in 2003.</p> <p>The Property has a total GFA of 27,698.14 sq m, with details as below:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Basement (101)</td> <td>1,809.21</td> </tr> <tr> <td>Level 1 (101)</td> <td>473.71</td> </tr> <tr> <td>Level 1 (102)</td> <td>1,553.52</td> </tr> <tr> <td>Level 1 (Others)</td> <td>1,006.22</td> </tr> <tr> <td>Level 2</td> <td>3,968.92</td> </tr> <tr> <td>Level 3</td> <td>4,756.74</td> </tr> <tr> <td>Level 4</td> <td>4,756.74</td> </tr> <tr> <td>Level 5</td> <td>4,769.85</td> </tr> <tr> <td>Level 6</td> <td>4,603.23</td> </tr> <tr> <td>Total</td> <td>27,698.14</td> </tr> </tbody> </table> <p>Pursuant to the real estate ownership certificates provided, the land-use rights of Basement Level 1 to Level 6 with a total GFA of 27,698.14 sq m of the Property have been granted for a term of 40 years commenced from 8 March 2004 zoned for commercial uses.</p>	Level (Use)	Gross Floor Area (sq m)	Basement (101)	1,809.21	Level 1 (101)	473.71	Level 1 (102)	1,553.52	Level 1 (Others)	1,006.22	Level 2	3,968.92	Level 3	4,756.74	Level 4	4,756.74	Level 5	4,769.85	Level 6	4,603.23	Total	27,698.14	As the valuation date, the Property having an occupancy rate of 98.7% was let to various tenants at an aggregate monthly rent of approximately RMB7,156,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 October 2028.	RMB951,000,000 (RENMINBI NINE HUNDRED AND FIFTY ONE MILLION)
Level (Use)	Gross Floor Area (sq m)																									
Basement (101)	1,809.21																									
Level 1 (101)	473.71																									
Level 1 (102)	1,553.52																									
Level 1 (Others)	1,006.22																									
Level 2	3,968.92																									
Level 3	4,756.74																									
Level 4	4,756.74																									
Level 5	4,769.85																									
Level 6	4,603.23																									
Total	27,698.14																									

#### Notes:

- Pursuant to copy of real estate ownership certificates, the ownership of the Property with a total GFA of 27,698.14 sqm is vested in 京澳有限公司 (Keen Ocean Limited).
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Commercial	27,262.27	26,906.14	86,100,000
Total	27,262.27	26,906.14	86,100,000

iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0.0%
1	2	1.0%
2	3	2.6%
3	4	1.1%
4	5	8.9%
5	6	18.7%
6	7	6.6%
7	8	38.6%
8	9	22.5%
Total		100.0%

iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	2.9%
In 2022	0.8%
In 2023	41.7%
In 2024	10.2%
In 2025 and afterward	44.4%
Total	100.0%

v) Save as disclosed, we understand that the Property has no material rent review provisions; and we are not aware of any sub-lease or tenancy or any material options or rights of pre-emption which may materially affect the value of the Property.

vi) As advised of the Manager, the property management income of the Property covers all relevant property management expenses; and the monthly property management fee is payable by tenants.

vii) In the course of our valuation, we have adopted the following key assumptions:

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalisation Method	Term Yield	6.75% per annum
		Reversion Yield	7.25% per annum

viii) The estimated net yield of the Property is 9.03% which is derived from the estimated rental received in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 6

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE										
				IN EXISTING STATE AS AT 31 DECEMBER 2020										
6	Tower 2 & 315 Car Spaces at Basement Levels 1 & 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, The PRC	<p>Completed in 2017, the Property comprises the Tower 2 of Hangzhou Victory Business Center which consists of an 18-storey office building (including retail units on both Levels 1 and 2) over-mounting a 2-storey Basement car park.</p> <p>The Property has a total GFA of approximately 40,148.41 sq m including 315 car spaces (including 80 mechanical car spaces and 23 public car spaces) at Basement Levels 1 and 2 with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>2,353.21</td> </tr> <tr> <td>Office</td> <td>20,131.62</td> </tr> <tr> <td>Car Park</td> <td>17,663.58</td> </tr> <tr> <td><b>Total</b></td> <td><b>40,148.41</b></td> </tr> </tbody> </table>	Level (Use)	Gross Floor Area (sq m)	Retail	2,353.21	Office	20,131.62	Car Park	17,663.58	<b>Total</b>	<b>40,148.41</b>	As the valuation date, the Property having an occupancy rate of 95.9% was let to various tenants at an aggregate monthly rent of approximately RMB 2,698,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 October 2025.	RMB612,000,000 (RENMINBI SIX HUNDRED TWELVE MILLION)
Level (Use)	Gross Floor Area (sq m)													
Retail	2,353.21													
Office	20,131.62													
Car Park	17,663.58													
<b>Total</b>	<b>40,148.41</b>													
<p>Pursuant to the real estate ownership certificates provided, the land use rights of the Property have been granted for a term due to expire on 3 July 2054 for commercial services use.</p>														

#### Notes:

- Pursuant to ten copies of real estate ownership certificates, the ownership of the Property is vested in 杭州越輝房地產開發有限公司 for a term due to expire on 3 July 2054 for commercial services use.
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Office	20,131.62	19,215.04	27,100,000
Retail	2,353.21	2,353.21	2,900,000
Others	17,663.58	17,663.58	2,300,000
<b>Total</b>	<b>40,148.41</b>	<b>39,231.83</b>	<b>32,300,000</b>

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0.1%
1	2	3.3%
2	3	33.7%
3	4	19.7%
4	5	21.6%
5	6	21.7%
<b>Total</b>		<b>100.0%</b>

- iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	23.9%
In 2022	15.9%
In 2023	21.6%
In 2024	23.4%
In 2025 and afterward	15.2%
Total	100.0%

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum
Office	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum
Car Park	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum

- viii) The estimated net yield of the Property is 5.28% which is derived from the estimated rental received in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 7

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE																
				IN EXISTING STATE AS AT 31 DECEMBER 2020																
7	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Sub-district, Pudong New Area, Shanghai, The PRC	<p>Completed in 2010, the Property is a 25-storey commercial building with a 2-storey basement. According to the information provided by the Client, Levels 1 and 2 and part of Basement Level 1 are for retail use, other parts of basement are for car parking purpose, and Levels 3-25 except for the refuge floor on 14<sup>th</sup> floor are used for office.</p> <p>The Property has a site area of approximately 10,641.00 sq m and a total GFA of 62,139.35 sq m, with details as below:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Basement Level 1 (Partially), Levels 1 &amp; 2 (Retail)</td> <td>6,256.70</td> </tr> <tr> <td>Levels 3-25 (Office)</td> <td>39,769.63</td> </tr> <tr> <td>Basement Levels 1&amp;2 (Car Park)</td> <td>13,502.58</td> </tr> <tr> <td>Bicycle Car Parks</td> <td>1,296.18</td> </tr> <tr> <td>Management Office</td> <td>276.53</td> </tr> <tr> <td>Refuge Floor</td> <td>1,037.73</td> </tr> <tr> <td><b>Total</b></td> <td><b>62,139.35</b></td> </tr> </tbody> </table>	Level (Use)	Gross Floor Area (sq m)	Basement Level 1 (Partially), Levels 1 & 2 (Retail)	6,256.70	Levels 3-25 (Office)	39,769.63	Basement Levels 1&2 (Car Park)	13,502.58	Bicycle Car Parks	1,296.18	Management Office	276.53	Refuge Floor	1,037.73	<b>Total</b>	<b>62,139.35</b>	<p>As the valuation date, the retail and office portions of the Property having an occupancy rate of 92.6% was let to various tenants at an aggregate monthly rent of approximately RMB9,660,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 31 December 2025.</p> <p>The Car Spaces were leased out and expired at 31 December 2020, with a monthly rent of approximately RMB143,000.</p>	RMB3,086,000,000 (RENMINBI THREE BILLION AND EIGHTY SIX MILLION)
Level (Use)	Gross Floor Area (sq m)																			
Basement Level 1 (Partially), Levels 1 & 2 (Retail)	6,256.70																			
Levels 3-25 (Office)	39,769.63																			
Basement Levels 1&2 (Car Park)	13,502.58																			
Bicycle Car Parks	1,296.18																			
Management Office	276.53																			
Refuge Floor	1,037.73																			
<b>Total</b>	<b>62,139.35</b>																			
		<p>Pursuant to the real estate ownership certificates provided, the land-use rights of the Property have been granted for a term of 50 years commenced from 7 January 2005 to 6 January 2055 zoned for retail and office uses.</p>																		

#### Notes:

- Pursuant to the copy of Shanghai Certificate of Real Estate Ownership (Hu (2019) Pu Zi Bu Dong Chan Quan Di 129581 Hao), the ownership of the Property is vested in 上海宏嘉房地產開發有限公司 (Shanghai Hong Jia Real Estate Development Co., Ltd.)
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Retail	6,256.70	6,256.70	15,200,000
Office	39,769.63	36,358.60	100,700,000
Car Parks	13,502.58	13,502.58	1,700,000
<b>Total</b>	<b>59,528.91</b>	<b>56,117.88</b>	<b>117,600,000</b>

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0.8%
1	2	10.2%
2	3	47.6%
3	4	10.6%
4	5	24.2%
5	6	1.3%
6	7	5.3%
Total		100.0%

- iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	25.7%
In 2022	34.9%
In 2023	25.4%
In 2024	7.9%
In 2025 and afterward	6.1%
Total	100.0%

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalisation Method	Term Yield	3.75% per annum
		Reversion Yield	4.00% per annum
Office	Income Capitalisation Method	Term Yield	3.75% per annum
		Reversion Yield	4.00% per annum
Car Parks	Income Capitalisation Method	Term Yield	3.75% per annum
		Reversion Yield	4.00% per annum

- viii) The estimated net yield of the Property is 3.81% which is derived from the estimated rental received in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.

## PROPERTY VALUATION REPORT

### VALUATION SUMMARY – PROPERTY 8

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE												
				IN EXISTING STATE AS AT 31 DECEMBER 2020												
8	Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and various car spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province, the PRC	<p>The Property is a commercial development, which comprises one 68-storey office tower, known as Wuhan Yuexiu Fortune Centre; a 5-storey shopping centre (inclusive of 1 storey of Basement), known as Starry Victoria Shopping Centre; 1,134 car park lots for office and retail portions and 375 car park lots for residential portion. The Property was completed between 2015 to 2016.</p> <p>As advised, the Property has a total GFA of approximately 248,194.22 sq m. The details are listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>129,446.74</td> </tr> <tr> <td>Retail</td> <td>43,546.60</td> </tr> <tr> <td>Carpark</td> <td>62,785.76</td> </tr> <tr> <td>Ancillary facilities</td> <td>12,415.12</td> </tr> <tr> <td>Total</td> <td>248,194.22</td> </tr> </tbody> </table> <p>Pursuant to a total of 456 Real Estate Ownership Certificates provided, the land-use rights of the Property with a total site area of 41,428.11 sq m have been granted for a term expiring on 26 May 2051 zoned for commercial and financial uses.</p>	Portions	Gross Floor Area (sq m)	Office	129,446.74	Retail	43,546.60	Carpark	62,785.76	Ancillary facilities	12,415.12	Total	248,194.22	<p>As the valuation date, the office portion of the Property having an occupancy rate of 87.1% was let to various tenants at an aggregate monthly rent of approximately RMB10,300,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 30 September 2026.</p> <p>Retail portion of the Property having an occupancy rate of 98.2% was let to various tenants at an aggregate monthly rent of approximately RMB2,100,000 (exclusive of value-added tax, management fees and utility charges) with the latest expiry date on 11 November 2035.</p> <p>Carpark portion of the Property was subject to two master lease agreements at a total monthly rent of approximately RMB870,000 (exclusive of value-added tax, management fees and utility charges) with the expiry date on 31 December 2023.</p>	RMB 3,674,000,000 (RENMINBI THREE BILLION SIX HUNDRED AND SEVENTY FOUR MILLION)
Portions	Gross Floor Area (sq m)															
Office	129,446.74															
Retail	43,546.60															
Carpark	62,785.76															
Ancillary facilities	12,415.12															
Total	248,194.22															

#### Notes:

- Pursuant to the copies of 456 Real Estate Ownership Certificates, the ownership of the Property is vested in 武漢越秀地產開發有限公司.
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq m)	Contracted Lettable Area (sq m)	Annual Rental Income (approx.)
Office	129,446.74	112,685.67	123,600,000
Commercial	43,546.60	42,752.00	25,200,000
Carpark	62,785.76	62,785.76	10,400,000
Total	235,779.10	218,223.43	159,200,000

- iii) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for office portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	16.1%
1	2	8.1%
2	3	24.5%
3	4	8.6%
4	5	41.9%
5	6	0.7%
Total		100.0%

- iv) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for office portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	31.5%
In 2022	20.2%
In 2023	21.7%
In 2024	4.5%
In 2025 and afterward	22.1%
Total	100.0%

- v) Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for retail portion of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	8.6%
1	2	1.2%
2	3	11.6%
3	4	5.4%
4	5	13.6%
5	6	20.2%
6	7	1.8%
7	8	9.0%
8	9	10.3%
9	10 and more	18.3%
Total		100.0%

- vi) Based on the tenancy information provided by the Manager, our analysis of the tenancy profile for retail portion of the Property is set out below:

Year of Expiry	Proportion by Lettable Area
In 2021	15.4%
In 2022	19.2%
In 2023	25.2%
In 2024	5.7%
In 2025 and afterward	34.5%
Total	100.0%

## PROPERTY VALUATION REPORT

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

Portion	Valuation Approach	Parameter	Assumption
Office	Income Capitalisation Method	Term Yield	4.50% per annum
		Reversion Yield	5.00% per annum
Commercial	Income Capitalisation Method	Term Yield	5.00% per annum
		Reversion Yield	5.50% per annum
Carpark	Income Capitalisation Method	Term Yield	5.50% per annum
		Reversion Yield	6.00% per annum

- x) The estimated net yield of the Property is 4.33% which is derived from the estimated rental received in Year-2020 excluding the value-added tax divided by the market value as at the Valuation Date.

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## To the Unitholders of Yuexiu Real Estate Investment Trust

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

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

#### What we have audited

The consolidated financial statements of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries together (the "Group") set out on pages 171 to 236, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the distribution statement for the year then ended;
- the consolidated statement of net assets attributable to Unitholders and changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

#### Basis for Opinion

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

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

#### Independence

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

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## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

### Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of Investment properties and the building portions of hotel and serviced apartments included in Property, plant and equipment</b></p> <p>Refer to notes 2(e)(i), 2(f), 4(a), 13 and 15 to the consolidated financial statements.</p> <p>The Group's investment properties amounting to RMB29,700,000,000 and the building portions of hotel and serviced apartments included in property, plant and equipment (together the "Subject Properties") amounting to RMB2,157,000,000 were carried at fair value at 31 December 2020. Changes in the fair values of the investment properties and hotel and serviced apartments during the year ended 31 December 2020 were recorded in profit or loss and other comprehensive loss of RMB297,633,000 and RMB61,944,000 respectively.</p> <p>The valuations were carried out by an independent professional valuer (the "Valuer") engaged by Yuexiu REIT Asset Management Limited, the Manager of Yuexiu REIT (the "Manager").</p>	<p><b>Experience of the Valuer and relevance of their work</b></p> <p>We read the Valuer's report prepared in accordance with HKIS Valuation Standards (2020 Edition), RICS Valuation – Global Standards (2020 Edition) and the relevant charters in "Code on Real Estate Investment Trusts (December 2020 Sixth Edition)", and assessed the Valuer's qualifications and experience in the markets where the Subject Properties are located. We also assessed the Valuer's independence and objectivity by reading their terms of engagement with the Group and considering their fee arrangements and any other services provided to the Group.</p> <p><b>Data provided by the Manager to the Valuer</b></p> <p>We obtained an understanding of the Manager's internal control and assessment process of estimate of fair value of investment properties and building portion of property, plant and equipment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We performed testing on a sample basis on the input data used by the Valuer in the valuations of the Subject Properties. These data included key terms of lease agreements, rental income schedules, gross floor area information and the year of completion which we agreed to the appropriate supporting documentation.</p>



羅兵咸永道

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of Investment properties and the building portions of hotel and serviced apartments included in Property, plant and equipment (Continued)</b></p> <p>In determining the valuation of the Group's investment properties, the Valuer adopted the income capitalisation method primarily to arrive at the fair value, with reference to recent comparable transactions and offerings under the direct comparison method, if available and applicable. Key valuation assumptions included estimated open market rents, capitalisation rates, stabilised occupancy rates as well as discount rates.</p> <p>In determining the valuation of the building portions of the Group's hotel and serviced apartments, the Valuer adopted the depreciated replacement cost approach with key assumptions of estimated building costs and depreciation of the building.</p> <p>We focused on this area because the valuations of the Subject Properties involved significant judgements and estimates, and the carrying amounts of the Subject Properties and the changes in fair value were material to the Group's consolidated financial statements.</p>	<p><b>Methodologies and key assumptions used by the Valuer</b></p> <p>We involved our in-house valuation experts in discussing and assessing the valuation methodologies and key assumptions with the Valuer and the Manager.</p> <p>We considered the appropriateness and consistency of the use of the valuation methodologies based on our industry knowledge.</p> <p>We assessed the reasonableness of the key estimates and assumptions applied in the valuations of the Subject Properties by comparing them to published industry reports, comparable market transactions, and those used in the prior period, and with reference to the age, nature and location of each property.</p> <p>Overall, the methodology and the key assumptions used in the valuations were supportable in light of available evidence and the current market environment.</p>

### Other Information

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

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

The Manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

In addition, the Manager is required to ensure that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, third supplemental deed on 25 July 2012 and fourth supplemental deed on 3 April 2020 (the "Trust Deed") and the relevant disclosure provisions of Appendix C of the Code on Real Estate Investment Trusts issued by the Hong Kong Securities and Futures Commission (the "REIT Code").

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to the Unitholders, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

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

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

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

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

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

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

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

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

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The engagement partner on the audit resulting in this independent auditor's report is Au Chi Ho.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 4 March 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Revenue	5	1,758,732	2,058,112
Operating expenses	6	(794,068)	(952,948)
Fair value (losses)/gains on investment properties	15	(297,633)	752,700
Changes in fair value of			
– support arrangement asset	19	625	32,318
– derivative financial instruments	20	(405,118)	72,331
Write back of construction payable	26	174,882	163,608
Finance income	9	842,885	33,748
Finance expenses, net	10	(489,217)	(777,633)
Profit before income tax and transactions with unitholders		791,088	1,382,236
Income tax expense	11	(203,967)	(441,828)
Profit after income tax before transactions with unitholders		587,121	940,408
Transactions with unitholders	28	(521,364)	(876,300)
Profit after income tax after transactions with unitholders		65,757	64,108
Other comprehensive loss for the year:			
<u>Items that will not be reclassified to profit or loss</u>			
Change in fair value of property, plant and equipment			
– Gross		(61,944)	(729)
– Tax		17,349	204
Other comprehensive loss for the year, net of tax		(44,595)	(525)
Total comprehensive income for the year		21,162	63,583

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Attributable to				Total RMB'000
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (Note 28) RMB'000	Unitholders after transactions with unitholders RMB'000	Non – controlling interests RMB'000	
Profit/(loss) for the year ended 31 December 2019	876,819	(876,300)	519	63,589	64,108
Other comprehensive loss:					
<u>Items that will not be reclassified to profit or loss</u>					
Change in fair value of property, plant and equipment, net of tax	(519)	—	(519)	(6)	(525)
Total comprehensive income for the year ended 31 December 2019	876,300	(876,300)	—	63,583	63,583
<b>Profit/(loss) for the year ended 31 December 2020</b>	<b>565,495</b>	<b>(521,364)</b>	<b>44,131</b>	<b>21,626</b>	<b>65,757</b>
Other comprehensive loss:					
<u>Items that will not be reclassified to profit or loss</u>					
Change in fair value of property, plant and equipment, net of tax	(44,131)	—	(44,131)	(464)	(44,595)
<b>Total comprehensive income for the year ended 31 December 2020</b>	<b>521,364</b>	<b>(521,364)</b>	<b>—</b>	<b>21,162</b>	<b>21,162</b>

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, third supplemental deed on 25 July 2012 and fourth supplemental deed dated 3 April 2020 (the "Trust Deed"), Yuexiu REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial year. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders' funds are disclosed in the consolidated balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement on page 175.
- (ii) Earnings per unit, based upon profit after income tax before transactions with unitholders attributable to unitholders and the average number of units in issue, are presented in Note 12.

The notes on pages 179 to 236 are an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEETS

As at 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	13	2,157,795	2,270,852
Right-of-use assets	14	1,300,522	1,359,784
Investment properties	15	29,700,000	29,982,000
Deferred assets, prepayment, deposits and other receivables	17	261,566	205,430
Derivative financial instruments	20	—	6,166
Goodwill	18	859,868	859,868
		<b>34,279,751</b>	<b>34,684,100</b>
<b>Current assets</b>			
Inventories	22	4,280	4,071
Trade receivables	21	16,065	15,887
Amounts due from related parties	30	49,574	228,082
Deferred assets, prepayments, deposits and other receivables	17	70,979	85,112
Derivative financial instruments	20	—	37,209
Tax recoverable		4,072	4,072
Support arrangement asset	19	9,786	25,163
Short-term bank deposits	23	23,135	22,750
Cash and cash equivalents	23	1,802,495	1,319,010
		<b>1,980,386</b>	<b>1,741,356</b>
<b>Total assets</b>		<b>36,260,137</b>	<b>36,425,456</b>
<b>Equity</b>			
Revaluation reserve		375,524	419,655
Retained earnings		(375,524)	(419,655)
		—	—
Non-controlling interests		1,188,103	1,205,395
<b>Total equity</b>		<b>1,188,103</b>	<b>1,205,395</b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Current liabilities</b>			
Trade payables	25	19,244	14,205
Rental deposits, current portion	26	149,654	186,707
Receipts in advance	26	92,935	80,827
Accruals and other payables	26	431,360	735,140
Amounts due to related parties	30	108,523	98,262
Derivative financial instruments	20	174,826	—
Borrowings	27	3,307,488	3,217,958
Lease liabilities	14	10,033	9,164
Tax payable		111,792	117,750
		<b>4,405,855</b>	<b>4,460,013</b>
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Rental deposits, non-current portion	26	202,956	198,816
Borrowings	27	10,693,312	11,034,441
Deferred tax liabilities	24	4,996,679	4,906,156
Derivative financial instruments	20	178,676	1,249
Lease liabilities	14	9,993	20,026
		<b>16,081,616</b>	<b>16,160,688</b>
<b>Total liabilities, other than net assets attributable to unitholders</b>		<b>20,487,471</b>	<b>20,620,701</b>
<b>Net assets attributable to unitholders</b>	28	<b>14,584,563</b>	<b>14,599,360</b>
<b>Total equity and liabilities</b>		<b>36,260,137</b>	<b>36,425,456</b>
<b>Net current liabilities</b>		<b>(2,425,469)</b>	<b>(2,718,657)</b>
Units in issue ('000)	28	3,303,113	3,205,856
<b>Net assets attributable to unitholders per unit (RMB)</b>		<b>RMB 4.42</b>	<b>RMB 4.55</b>

On behalf of the Board of Directors of Yuexiu REIT Asset Management Limited, as the Manager of Yuexiu REIT

Director

Director

The notes on pages 179 to 236 are an integral part of these consolidated financial statements.

# DISTRIBUTION STATEMENT

For the year ended 31 December 2020

Note	2020 RMB'000	2019 RMB'000
Profit after income tax before transactions with unitholders attributable to unitholders	565,495	876,819
Adjustments for the total distributable income (i)		
– Fair value losses/(gains) on investment properties	268,048	(723,188)
– Fair value gains on derivative financial instruments	—	(72,331)
– Foreign exchange gains on financing activities	(810,900)	—
– Deferred taxation in respect of fair value (losses)/gains on investment properties charged to profit or loss	(53,594)	160,296
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)	(378,189)	(383,647)
– Fair value gain on support arrangement asset	(625)	(32,318)
– Write-back of construction payable, net of tax	(124,631)	(116,596)
	(534,396)	(290,965)
<b>Additional items (ii)</b>		
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS	378,189	383,647
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)	130,997	128,458
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights	100,116	102,281
– Manager’s fee paid and payable in units in lieu of cash	113,726	118,009
– Foreign exchange loss in financing activities	—	243,580
– Fair value losses on derivative financial instruments	405,118	—
– Expenses incurred in connection with the acquisition of investment properties	—	2,859
– Support arrangement asset receivable	22,947	17,471
– Discretionary distribution related to the disposal of subsidiaries	—	55,900
– Surplus cash from write back of construction payables	32,000	—

## DISTRIBUTION STATEMENT

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Distributable income after additional items</b>		648,697	761,240
Distributable amount at 1 January		336,948	425,902
Distributions paid during the year (iii)	28	(655,655)	(850,194)
<b>Final distribution declared</b>		329,990	336,948
<b>Distribution per unit, declared (iv)</b>		RMB0.0999	RMB0.1051

Note:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant year.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager") intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) A final distribution for the period from 1 July 2019 to 31 December 2019 of RMB0.1046 (equivalent to HK\$0.1167) per unit and interim distribution for the period from 1 January 2020 to 30 June 2020 of RMB0.0986 (equivalent to HK\$0.1094) per unit, totaling RMB655,655,000 (2019: RMB850,194,000), were paid to unitholders on 26 May 2020 and 23 October 2020 respectively.
- (iv) A final distribution for the period from 1 July 2020 to 31 December 2020 of RMB0.0999 (equivalent to HK\$0.1199) per unit, totaling RMB0.1985 (equivalent to HK\$0.2293) was declared by the Board of the Manager on 4 March 2021.

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

For the year ended 31 December 2020

	Net assets attributable to unitholders RMB'000	Equity			Total RMB'000
		Retained earnings RMB'000	Revaluation reserve RMB'000	Non-controlling interests RMB'000	
At 1 January 2019	14,454,122	(420,174)	420,174	1,141,812	15,595,934
Issuance of units (note 28)	119,132	—	—	—	119,132
Profit for the year ended 31 December 2019 attributable to:					
– Unitholders	876,300	—	—	—	876,300
– Equity holders	—	519	—	63,589	64,108
Distributions paid to unitholders	(850,194)	—	—	—	(850,194)
Change in fair value of property, plant and equipment, net of tax	—	—	(519)	(6)	(525)
At 31 December 2019	14,599,360	(419,655)	419,655	1,205,395	15,804,755
At 1 January 2020	14,599,360	(419,655)	419,655	1,205,395	15,804,755
Issuance of units (note 28)	119,494	—	—	—	119,494
Profit for the year ended 31 December 2020 attributable to:					
– Unitholders	521,364	—	—	—	521,364
– Equity holders	—	44,131	—	21,626	65,757
Distributions paid to					
– unitholders	(655,655)	—	—	—	(655,655)
– Equity holders	—	—	—	(38,454)	(38,454)
Change in fair value of property, plant and equipment, net of tax	—	—	(44,131)	(464)	(44,595)
At 31 December 2020	14,584,563	(375,524)	375,524	1,188,103	15,772,666

The notes on pages 179 to 236 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	29	1,224,955	1,369,896
Interest paid		(444,077)	(505,248)
China income tax paid		(102,053)	(94,905)
Support arrangement asset received		16,002	18,800
Net cash generated from operating activities		694,827	788,543
<b>Cash flows from investing activities</b>			
Additions of investment properties		(15,633)	(114,300)
Additions of property, plant and equipment		(28,715)	(11,212)
Disposal of property, plant and equipment		8	55
Interest received		31,985	33,748
Increase in short-term bank deposits with original maturity of more than three months		(385)	(117)
Net cash used in investing activities		(12,740)	(91,826)
<b>Cash flows from financing activities</b>			
Distributions paid		(694,109)	(850,194)
Proceeds from borrowings, net of transaction costs		4,085,623	4,454,458
Repayment of borrowings		(3,555,371)	(4,351,359)
Settlement of derivative financial instruments		(24,392)	(88,508)
Principal elements of lease payments		(10,353)	(859)
Net cash used in financing activities		(198,602)	(836,462)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		1,319,010	1,458,755
<b>Cash and cash equivalents at end of the year</b>	23	<b>1,802,495</b>	<b>1,319,010</b>

The notes on pages 179 to 236 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 1 GENERAL INFORMATION

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

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between the Manager and HSBC Institutional Trust Services (Asia) Limited, as the Trustee of Yuexiu REIT (the "Trustee") on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010 and Third supplemental deed dated 25 July 2012 and Fourth Supplemental Deed dated 3 April 2020) (the "Trust Deed") and authorised under section 104 of the Securities and Futures Ordinance subject to the applicable conditions imposed by Securities and Futures Commission from time to time.

The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

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

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

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RMB2,425,469,000 (31 December 2019: RMB2,718,657,000) mainly as the borrowings of RMB3,307,488,000 (31 December 2019: RMB3,217,958,000) fall due within twelve months from the balance sheet date. Taking into account other financial resources available including internally generated funds and new facilities and medium term notes programme, the Manager considers the Group has adequate resources to meet its liabilities and commitments as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of preparation (continued)

##### (i) *New and amended standards effective for the year ended 31 December 2020*

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-related Rent Concessions

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

##### (ii) *New and amended standards have been issued but are not yet effective for the year ended 31 December 2020 and have not been early adopted by the Group:*

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020	Improvements to HKFRSs	1 January 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7, and HKFRS 16	Interest Rate Benchmark Reform -Phase 2	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Consolidation

#### (i) Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of net assets attributable to unitholders and changes in equity and balance sheet respectively.

#### (ii) Business Combinations

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

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

Acquisition-related costs are expensed as incurred.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Consolidation (continued)

##### (ii) Business Combinations (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

#### (c) Segment reporting

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

#### (d) Foreign currency translation

##### (i) Functional and presentation currency

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

##### (ii) Transactions and balances

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Property, plant and equipment

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

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

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

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

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

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

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

Building portion of hotel and serviced apartment are depreciated over the shorter of the unexpired term of the legal titles and their estimated useful lives, being no more than 40 years after the date of completion.

Leasehold improvements, furniture and fixtures and office supplies	3-20 years
Motor vehicles	5 years

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Investment properties

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

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the profit or loss.

#### (g) Goodwill

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

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

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

#### (h) Derivative financial instruments

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Impairment of non-financial assets

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

### (j) Offsetting financial instruments

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

### (k) Inventories

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

### (l) Other financial assets

#### (i) Classification

The Group classifies its financial assets in either those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), or those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the profit or loss. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

A financial asset is initially measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Other financial assets (continued)

##### (i) Classification (continued)

Debt instruments are subsequently measured depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of the profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/losses, net in the period in which it arise.

Equity investments are subsequently measured at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating expenses, net in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Other financial assets (continued)

#### (ii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The identified impairment loss was immaterial. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9 the identified impairment loss was immaterial.

### (m) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of less than twelve months and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of comprehensive income.

Lease income from operating leases where the Group as a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

#### (n) Rental deposits

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Cash and cash equivalents

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

### (p) Trade payables

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

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

### (q) Provisions

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

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

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

### (r) Borrowings

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Borrowing costs

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

#### (t) Current and deferred income tax

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

##### (i) Current income tax

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

##### (ii) Deferred income tax

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (t) Current and deferred income tax (continued)

#### (iii) *Offsetting*

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

### (u) Revenue recognition

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

#### (i) *Rental income*

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

#### (ii) *Hotel and serviced apartment income*

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

#### (iii) *Interest income*

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

### (v) Distributions to unitholders

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Employee benefit

##### (i) Pension obligations

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

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

##### (ii) Termination benefits

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

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

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

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

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk factors (continued)

##### (i) Market risk

###### (a) Foreign exchange risk

The Group operates in China with most of the transactions denominated in RMB. The Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents, short-term bank deposits and bank borrowings denominated primarily in Hong Kong dollar ("HK\$") and United States dollar ("USD").

At 31 December 2020 and 2019, if RMB had weakened/strengthened by 1% against HK\$ and USD with all other variables held constant, post-tax profit for the year ended 31 December 2020 would have been approximately RMB124,666,000 (2019: RMB109,225,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK\$ and USD denominated cash and cash equivalents and short-term bank deposits, derivative financial instruments, borrowings and amount due to the Manager.

###### (b) Cash flow interest rate risk

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

With regard to cash flow interest rate risk of borrowings and derivatives financial instruments, when opportunities arise, the Group considers the use of interest rate swaps to fix the interest costs for the long term. During the year, the Group has entered into one floating-to-fixed interest rate swap contract. At 31 December 2020 and 2019, if interest rates on borrowings and derivative financial instruments had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been approximately RMB81,162,000 (2019: RMB83,367,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk factors (continued)

##### (ii) Credit risk

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

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

	2020 RMB'000	2019 RMB'000
<b>Counterparty</b>		
China Construction Bank	720,796	528,180
Bank of China	571,911	461,235
DBS Bank Ltd. Hong Kong Branch	321,745	213,148
Chong Hing Bank	52,437	51,589
Industrial and Commercial Bank of China	524	514
BNP Paribas	58,446	314
Other banks	99,274	86,284
Short-term bank deposits and cash and cash equivalent	<b>1,825,133</b>	1,341,264

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

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

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

##### (iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and operating cash flow. The Group has short-term bank deposits and cash and cash equivalents of RMB1,825,630,000 as at 31 December 2020 (2019: RMB1,341,760,000). Due to the nature of the underlying business, the Manager maintains flexibility by adjusting the amount of distributions to be paid for the percentage in excess of 90% of the distributable income. The Group also maintains flexibility in funding by maintaining availability under committed credit lines.

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk factors (continued)

##### (iii) Liquidity risk (continued)

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

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000	Total RMB'000
As at 31 December 2020					
Rental deposits	149,654	87,501	132,736	12,037	381,928
Trade payables	19,244	—	—	—	19,244
Accruals and other payables	431,360	—	—	—	431,360
Amounts due to related parties	108,523	—	—	—	108,523
Bank borrowings					
– Principal to be repaid	699,587	2,959,971	6,540,970	251,000	10,451,528
– Interest payables	207,729	184,140	204,083	19,748	615,700
Other borrowings					
– Principal to be repaid	2,607,901	—	941,371	—	3,549,272
– Interest payables	95,922	33,935	50,902	—	180,759
Derivative financial instruments	174,826	178,676	—	—	353,502
Lease liabilities	10,768	10,231	—	—	20,999
As at 31 December 2019					
Rental deposits	186,707	73,795	130,601	17,717	408,820
Trade payables	14,205	—	—	—	14,205
Accruals and other payables	735,140	—	—	—	735,140
Amounts due to related parties	98,262	—	—	—	98,262
Bank borrowings					
– Principal to be repaid	3,217,958	637,373	6,134,781	479,080	10,469,192
– Interest payables	369,571	285,825	376,537	37,477	1,069,410
Other borrowings					
– Principal to be repaid	—	2,781,674	1,001,533	—	3,783,207
– Interest payables	168,666	102,393	90,297	—	361,356
Derivative financial instruments	—	1,249	—	—	1,249
Lease liabilities	10,356	10,768	10,231	—	31,355

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (b) Capital risk management

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

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

During 2020, the Group's strategy was to maintain a gearing ratio not exceeding 50% (2019: 45%). The gearing ratios at 31 December 2020 and 2019 were as follows:

	2020 RMB'000	2019 RMB'000
Total borrowings (Note 27)	14,000,800	14,252,399
Total asset value	36,260,137	36,425,456
Gearing ratio	39%	39%

The gearing ratio stays stable at 39% in 2020 (2019: 39%).

#### (c) Fair value estimation

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

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

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

## 4 CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

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

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

### (b) Estimate of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(g). The assessment of recoverable amounts calculations requires the use of estimates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

	Hotel and serviced apartments RMB'000	Office rental RMB'000	Wholesale and shopping mall RMB'000	Group RMB'000
Year ended 31 December 2020				
Revenue from external customers	363,578	934,975	460,179	1,758,732
Segment results	(39,216)	637,141	284,756	882,681
Depreciation	142,273	57	—	142,330
Fair value losses on investment properties	—	(180,337)	(117,296)	(297,633)
Year ended 31 December 2019				
Revenue from external customers	552,499	941,682	563,931	2,058,112
Segment results	87,654	1,335,306	694,684	2,117,644
Depreciation	129,713	83	—	129,796
Fair value gains on investment properties	—	533,042	219,658	752,700
As at 31 December 2020				
Total reportable segments' assets	3,891,898	21,009,887	10,423,191	35,324,976
As at 31 December 2019				
Total reportable segments' assets	4,230,914	20,758,404	10,541,698	35,531,016

## 5 REVENUE AND SEGMENT INFORMATION (continued)

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

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Segment results	882,681	2,117,644
Changes in fair value of derivatives financial instruments	(405,118)	72,331
Unallocated operating costs (Note)	(215,650)	(259,780)
Operating profit	261,913	1,930,195
Write back of construction payable	174,882	163,608
Finance income	842,885	33,748
Finance expenses, net	(489,217)	(777,633)
Change in fair value of support arrangement asset	625	32,318
Profit before income tax and transactions with unitholders	791,088	1,382,236

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

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

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Total reportable segments' assets	35,324,976	35,531,016
Corporate assets	935,161	894,440
Total assets	36,260,137	36,425,456

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 REVENUE AND SEGMENT INFORMATION (continued)

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
China	1,758,732	2,058,112	35,324,976	35,531,016
Unallocated assets			935,161	894,440
			36,260,137	36,425,456

Note: Unallocated assets include mainly cash and cash equivalents of a holding company and goodwill.

The Group's revenue by nature is as follows:

	2020	2019
	RMB'000	RMB'000
Hotel and serviced apartments operations		
Room rentals	219,930	329,840
Food and beverages	127,674	200,877
Property rentals	1,395,154	1,505,613
Others	15,974	21,782
	1,758,732	2,058,112

The following is an analysis of the Group's revenue by timing of satisfaction of performance obligations:

	2020	2019
	RMB'000	RMB'000
Revenue recognised at a point in time	140,312	218,702
Revenue recognised over time	220,347	329,840
Other sources	1,398,073	1,509,570
	1,758,732	2,058,112

## 6 EXPENSES BY NATURE

	2020 RMB'000	2019 RMB'000
Property management fees (i)	43,973	47,456
Employee benefit expenses (Note 7)	98,863	124,382
Real estate tax	128,215	179,741
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	9,480	12,356
Withholding tax (ii)	49,889	59,174
Depreciation of property, plant and equipment (Note 13)	83,068	80,510
Depreciation of right-of-use assets (Note 14)	59,262	50,116
Cost of inventories sold or consumed in operation	70,487	73,313
Other direct expenses on hotel and serviced apartment	67,459	119,583
Manager's fee (Note 8)	142,157	147,511
Trustee's fee	10,424	10,481
Valuation fees	1,090	948
Legal and professional fee	7,356	14,944
Auditor's remuneration	3,800	3,842
Bank charges	369	662
Foreign exchange loss arising from operating activities	7,763	18,988
Expenses relating to short-term leases (Note 14)	360	—
Others	10,053	8,941
<b>Total operating expenses</b>	<b>794,068</b>	<b>952,948</b>

Note:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Property Management Ltd., Guangzhou Baima Business Operation Management Co. Ltd. and Guangzhou Yuexiu Asset Management Company Limited (Note 30).
- (ii) Withholding tax on the rental income and interest income in China is calculated based on the rental income and interest income at a rate of 10%.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 EMPLOYEE BENEFIT EXPENSES

	2020 RMB'000	2019 RMB'000
Wages, salaries and bonus	68,146	84,367
Pension costs	1,904	2,566
Social security costs and staff welfare	28,813	37,449
	98,863	124,382

#### Pension scheme arrangements

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

### 8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed.

	2020 RMB'000	2019 RMB'000
Manager's fee:		
In the form of units	113,726	118,009
In the form of cash	28,431	29,502
	142,157	147,511

Pursuant to the circular of Yuexiu REIT dated 30 June 2012 and subsequent announcement dated 15 January 2018, 15 January 2019 and 15 January 2020, a portion of the manager's fee for the period from 1 July 2012 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 31 December 2020 respectively, will be paid in the form of units. In accordance with the Trust Deed, the Manager fee units for the year ended 31 December 2020 are expected to be issued on 7 April 2021. Also in accordance with the Trust Deed, the issue price of the units (and consequentially the number of units to be issued to the Manager) will be calculated based on the higher of (i) the closing price of the units on the trading day immediately preceding 7 April 2021 and (ii) the average closing price of the units in the 10 trading days immediately preceding 7 April 2021.

## 9 FINANCE INCOME

	2020 RMB'000	2019 RMB'000
Interest income from bank deposits	14,384	15,362
Interest income from a related company	17,601	18,386
Foreign exchange gains on financing activities	810,900	—
	842,885	33,748

## 10 FINANCE EXPENSES, NET

	2020 RMB'000	2019 RMB'000
Interest expense for bank borrowings	276,182	353,585
Interest expense for other borrowings	167,895	151,663
Interest and finance charges paid/payable for lease liabilities (Note 14)	1,189	118
Losses/(gains) on settlement of derivative financial instruments	14,902	(1,305)
Amortisation of transaction costs for borrowings	29,049	29,992
Foreign exchange losses on financing activities	—	243,580
	489,217	777,633

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 INCOME TAX EXPENSE

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

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

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

	2020 RMB'000	2019 RMB'000
Current income tax		
– China corporate income tax	81,814	63,839
– Under-provision in prior years	—	1,108
– PRC withholding tax	14,281	7,316
Deferred income tax (Note 24)	107,872	369,565
	<b>203,967</b>	<b>441,828</b>

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

	2020 RMB'000	2019 RMB'000
Profit before income tax and transactions with unitholders	791,088	1,382,236
Tax calculated at domestic tax rate of 25%	197,772	345,559
Income not subject to tax	(5,959)	(8,070)
Expenses not deductible for tax purposes	53,645	89,632
Under-provision in prior years	—	1,108
Withholding tax on unremitted earnings of subsidiaries	20,843	57,260
Recognition of previously unrecognised tax losses	—	(3,489)
Utilisation of previously unrecognised tax losses	—	(2,185)
Effect of different taxation	(62,334)	(37,987)
	<b>203,967</b>	<b>441,828</b>

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

### (a) Basic

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

	2020	2019
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	565,495	876,819
Weighted average number of units in issue ('000)	3,221,385	3,121,515
Basic earnings per unit (RMB)	0.18	0.28

### (b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the year which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. For the purpose of calculating diluted earnings per unit, the number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 31 December 2020.

	2020	2019
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	565,495	876,819
Weighted average number of units in issue ('000)	3,221,385	3,121,515
Adjustments for deferred units ('000)	399,401	461,401
Adjustments for manager's fee in form of units ('000)	17,167	12,768
Weighted average number of units for diluted earnings per unit ('000)	3,637,953	3,595,684
Diluted earnings per unit (RMB)	0.16	0.24

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2019				
Cost	2,344,185	13,083	9,649	2,366,917
Accumulated depreciation	(593,969)	(12,716)	(9,082)	(615,767)
Fair value gain on revaluation	589,784	—	—	589,784
Net book amount	2,340,000	367	567	2,340,934
Year ended 31 December 2019				
Opening net book amount	2,340,000	367	567	2,340,934
Additions	11,212	—	—	11,212
Disposal	(55)	—	—	(55)
Depreciation (Note 6)	(80,428)	—	(82)	(80,510)
Fair value loss on revaluation	(729)	—	—	(729)
Closing net book amount	2,270,000	367	485	2,270,852
At 31 December 2019				
Cost	2,354,304	13,083	9,649	2,377,036
Accumulated depreciation	(673,359)	(12,716)	(9,164)	(695,239)
Fair value gain on revaluation	589,055	—	—	589,055
Net book amount	2,270,000	367	485	2,270,852

### 13 PROPERTY, PLANT AND EQUIPMENT (continued)

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2020				
Opening net book amount	2,270,000	367	485	2,270,852
Additions	31,963	—	—	31,963
Disposal	(8)	—	—	(8)
Depreciation (Note 6)	(83,011)	(57)	—	(83,068)
Fair value loss on revaluation	(61,944)	—	—	(61,944)
Closing net book amount	2,157,000	310	485	2,157,795
At 31 December 2020				
Cost	2,385,784	13,083	9,649	2,408,516
Accumulated depreciation	(755,895)	(12,773)	(9,164)	(777,832)
Fair value gain on revaluation	527,111	—	—	527,111
Net book amount	2,157,000	310	485	2,157,795

If hotel and serviced apartments had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of RMB1,629,889,000 (2019: RMB1,680,945,000).

As at 31 December 2020, property, plant and equipment with an aggregate carrying amount of RMB1,883 million (2019: RMB2,017 million) were pledged as collateral for the Group's bank borrowings (Note 27).

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

	2020 RMB'000	2019 RMB'000
Opening balance	2,270,000	2,340,000
Additions	31,963	11,212
Disposal	(8)	(55)
Depreciation	(83,011)	(80,428)
Unrealised losses recognised in reserve	(61,944)	(729)
Closing balance	2,157,000	2,270,000
Unrealised losses for the year included in other comprehensive income at the end of the year	(61,944)	(729)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 PROPERTY, PLANT AND EQUIPMENT (continued)

#### Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Colliers International (Hong Kong) Limited and Savills Valuation and Professional Services Limited being independent qualified valuer not related to the Group as at 31 December 2020 and 2019 respectively.

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

At each financial year end the finance department:

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

#### Valuation techniques

##### *Fair value measurements using significant unobservable inputs*

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

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

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

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

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

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

### 13 PROPERTY, PLANT AND EQUIPMENT (continued)

#### Significant inputs used to determine fair value

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

Discount rates are estimated by Colliers International (Hong Kong) Limited (2019: Savills Valuation and Professional Services Limited) based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value. Prevailing market room rents are estimated based on recent lettings for hotel and serviced apartments in China, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

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

#### As at 31 December 2019

	Depreciated replacement cost method		
	Building cost (RMB/m <sup>2</sup> )	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	18,500	4.75	6
Serviced apartments	15,300	4.75	6

#### As at 31 December 2020

	Depreciated replacement cost method		
	Building cost (RMB/m <sup>2</sup> )	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	19,000	4.75	6
Serviced apartments	15,500	4.75	6

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 LEASES

The consolidated balance sheet shows the following amounts relating to leases:

	Land use rights RMB'000	Staff quarter RMB'000	Total RMB'000
Right-of-use assets			
At 1 January 2019	—	—	—
Change in accounting policies	1,379,969	—	1,379,969
Addition	—	29,931	29,931
Depreciation (Note 6)	(49,285)	(831)	(50,116)
At 31 December 2019	1,330,684	29,100	1,359,784
At 1 January 2020	1,330,684	29,100	1,359,784
Depreciation (Note 6)	(49,285)	(9,977)	(59,262)
At 31 December 2020	1,281,399	19,123	1,300,522

	2020 RMB'000	2019 RMB'000
Lease liabilities		
Current portion	10,033	9,164
Non-current portion	9,993	20,026
	20,026	29,190

As at 31 December 2020, the fair value of right-of-use assets is approximately RMB2,631 million (2019: RMB2,709 million). The change in fair value is not reflected in the consolidated financial statements.

As at 31 December 2020, right-of-use assets were pledged with an aggregate net book amount of approximately RMB1,213 million (2019: RMB1,240 million) as collateral for the Group's bank borrowings (Note 27).

As at 31 December 2020 and 2019, all of the lease liabilities are due to 廣州越秀星寓公寓管理有限公司, a subsidiary of Yuexiu Property Company Limited ("YXP").

## 14 LEASES (continued)

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2020 RMB'000	2019 RMB'000
<b>Depreciation charge of right-of-use assets</b>		
Land use rights	49,285	49,285
Staff quarter	9,977	831
	<b>59,262</b>	<b>50,116</b>
Interest expense (included in finance cost)(Note 10)	1,189	118
Expenses relating to short-term leases (Note 6)	360	—
	<b>1,549</b>	<b>118</b>

The total cash outflows for leases in 2020 was RMB10,353,000 (2019: RMB859,000). The Group leases a staff quarter for a fixed period of 36 months.

## 15 INVESTMENT PROPERTIES

	2020 RMB'000	2019 RMB'000
At 1 January	29,982,000	29,115,000
Additions during the year	15,633	114,300
Fair value (losses)/gains during the year, included in profit or loss under 'Fair value (losses)/gains on investment properties'	(297,633)	752,700
At 31 December	<b>29,700,000</b>	<b>29,982,000</b>
Fair value (losses)/gains for the year included in profit or loss for assets held at the end of the year, under 'Fair value (losses)/gains on investment properties'	<b>(297,633)</b>	<b>752,700</b>

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

In the consolidated statement of comprehensive income, direct operating expenses relating to investment properties amounted to RMB305,914,000 (2019: RMB229,349,000). Included in the direct operating expenses, RMB22,386,000 (2019: RMB8,260,000) was related to investment properties that were vacant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 INVESTMENT PROPERTIES (continued)

Yuexiu REIT acquired the carpark spaces in Fortune Plaza and City Development Plaza from Guangzhou City Construction and Development Co., Ltd. for consideration of RMB98,000,000 on 19 November 2019. In accordance with the REIT Code, Yuexiu REIT is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless the unitholders have passed a special resolution consenting to the proposed disposal.

As at 31 December 2020, investment properties with an aggregate carrying value of approximately RMB3,825 million (2019: RMB3,708 million) were pledged as collateral for the Group's bank borrowings (Note 27).

#### Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Colliers International (Hong Kong) Limited and Savills Valuation and Professional Services Limited, being independent qualified valuers not related to the Group as at 31 December 2020 and 2019 respectively.

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

At each financial year end the finance department:

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

#### Valuation techniques

##### *Fair value measurements using significant unobservable inputs*

As at 31 December 2020, Colliers International (Hong Kong) Limited has relied on the income capitalisation approach as the primary approach (2019: income capitalisation approach and discounted cash flow analysis as the primary approaches). The use of income capitalisation approach is in line with market practice of property valuation for income-producing commercial assets which are the main asset class of the Group.

The income capitalisation approach is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent-free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

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

## 15 INVESTMENT PROPERTIES (continued)

### Valuation techniques (continued)

#### Fair value measurements using significant unobservable inputs (continued)

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

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

The investment properties are included in Level 3 (2019: Level 3) of the fair value hierarchy.

#### Significant inputs used to determine fair value

Capitalisation and discount rates are estimated by Colliers International (Hong Kong) Limited and Savills Valuation and Professional Services Limited for 2020 and 2019 respectively based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

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

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

#### As at 31 December 2019

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	100 to 336	4.00% to 7.25%
Wholesale and shopping mall	42 to 1,480	4.00% to 7.75%

#### As at 31 December 2020

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	90 to 320	4.00% to 6.75%
Wholesale and shopping mall	75 to 1,045	4.00% to 7.5%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 INVESTMENT PROPERTIES (continued)

#### Significant inputs used to determine fair value (continued)

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

*As at 31 December 2019*

	Monthly Market Unit Rent (RMB per sq.m.)	Discount Rate	Stabilised Occupancy Rate
Office	100 to 336	6.50% to 8.50%	95.00% to 99.00%
Wholesale and shopping mall	42 to 1,480	6.75% to 8.75%	98.00% to 99.50%

### 16 SUBSIDIARIES

	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital	Interest held (Note)
GZI REIT (Holding) 2005 Company Limited ("HoldCo 2005")	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	100%
Yuexiu REIT 2012 Company Limited ("REIT 2012")	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT MTN Company Limited ("REIT MTN")	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT 2013 Company Limited ("REIT 2013")	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Partat Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Moon King Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Full Estates Investment Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%

## 16 SUBSIDIARIES (continued)

	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital	Interest held (Note)
Keen Ocean Limited	British Virgin Islands, limited liability company	Leasing of commercial properties in China	1 ordinary share of USD1	100%
Tower Top Development Ltd. ("Tower Top")	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary share of USD1	99.99%
Bliss Town Holdings Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Hoover Star International Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Miller Win Group Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Shinning Opal Management Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Ever Joint Investment International Limited	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	99.99%
Long Grace Holdings Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
Profit Link Investment International Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
San Bright Holdings Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
Guangzhou Yuecheng Industrial Ltd.	China, limited liability company	Investment holding in China	Registered capital of HK\$300 million	99.99%
Guangzhou Yuesheng Industrial Ltd.	China, limited liability company	Investment holding in China	Registered capital of HK\$300 million	99.99%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 16 SUBSIDIARIES (continued)

	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital	Interest held (Note)
Guangzhou Yuehui Industrial Ltd.	China, limited liability company	Investment holding in China	Registered capital of HK\$300 million	99.99%
Guangzhou Yueli Industrial Ltd.	China, limited liability company	Investment holding in China	Registered capital of HK\$300 million	99.99%
Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd	China, limited liability company	Property management and property leasing in China	Registered capital of RMB2,650 million	98.99%
Guangzhou IFC Hospitality Management Co. Ltd	China, limited liability company	Hospitality management in China	Registered capital of RMB5 million	98.99%
Shanghai Hong Jia Real Estate Development Co., Ltd.	China, limited liability company	Leasing of commercial properties in China	Registered capital of USD28.5 million	100%
Bestget Enterprises Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	257,614,000 ordinary shares of HK\$257,614,000	100%
Fully Cheer Management Ltd.	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Sure Win International Holding Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	100%
Wuhan Yuexiu Property Development Limited	China, limited liability company	Leasing of commercial properties in China	Registered Capital of RMB2,200,000,000	67%
Yuexiu REIT 2017 Company Limited ("REIT 2017")	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Wealthy Reach Holdings Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%

## 16 SUBSIDIARIES (continued)

	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital/ registered capital	Interest held (Note)
Prime Glory Group Holdings Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	100%
Guangzhou Xiujiang Industries Development Co., Limited	China, limited liability company	Investment holding in China	Registered Capital of RMB550,000,000	100%
Hangzhou Yuehui Real Estate Development Co., Limited	China, limited liability company	Leasing of commercial properties in China	Registered Capital of RMB470,000,000	100%
Yuexiu REIT 2018 Company Limited ("REIT 2018")	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT Secure Shell Limited ("Secure Shell")	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%

Note:

Shares of HoldCo 2005, REIT 2012, REIT 2013, REIT MTN, REIT 2017, REIT 2018 and Secure Shell are held directly by Yuexiu REIT. Shares of all the other subsidiaries are held indirectly by Yuexiu REIT.

## 17 DEFERRED ASSETS, PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 18 GOODWILL

	2020 RMB'000	2019 RMB'000
<b>At 1 January</b>		
Cost	859,868	859,868
Accumulated impairment	—	—
<b>Net book amount</b>	<b>859,868</b>	859,868
<b>At 31 December</b>		
Cost	859,868	859,868
Accumulated impairment	—	—
<b>Net book amount</b>	<b>859,868</b>	859,868

Goodwill is monitored by management. The goodwill is presented as below:

	2020 RMB'000	2019 RMB'000
China	859,868	859,868

In assessing whether these assets have suffered any impairment, the carrying value of the respective business unit on which the investment properties between the year end date and acquisition completion date. The results of the tests undertaken as at 31 December 2020 and 2019 indicated no impairment charge was necessary.

### 19 SUPPORT ARRANGEMENT ASSET

On 21 December 2017, through a wholly-owned subsidiary, the Group acquired Fully Cheer Management Limited and its subsidiaries, Sure Win International Holdings Limited and Wuhan Yuexiu Property Development Limited (hereafter collectively referred to as "Fully Cheer Group"), from Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)"), a subsidiary of YXP. The Fully Cheer Group holds 67% interest in Wuhan Properties. Pursuant to the acquisition, YXP agreed to provide a support arrangement to Yuexiu REIT for the period from 1 January 2018 until 31 December 2020. The support arrangement is the shortfall of actual adjusted net income and baseline adjusted net income, and shall be payable semi-annually. Support arrangement asset is denominated in RMB and the fair value of the balance approximated its carrying amount.

Support arrangement asset is initially recognised at fair value. In determining the fair value of the support arrangement asset, Yuexiu REIT applied a valuation model that has taken into account the expected future cashflows due to the shortfall for the period from 1 January 2018 until 31 December 2020. The adjustment is recognised as a fair value change in the consolidated statement of comprehensive income.

## 20 DERIVATIVE FINANCIAL INSTRUMENTS

	2020 RMB'000	2019 RMB'000
Non-current assets		
Interest rate swap contracts	—	6,166
Current assets		
Capped foreign exchange forward contracts	—	37,209
Non-current liabilities		
Capped foreign exchange forward contracts	90,501	1,249
Interest rate swap contracts	88,175	—
Total	178,676	1,249
Current liabilities		
Capped foreign exchange forward contracts	174,826	—

The derivative financial instruments are classified as non-current assets or liabilities if the settlement date is beyond 12 months after the balance sheet date.

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 31 December 2020 were HK\$3,100,000,000 (2019: HK\$3,294,648,000) and USD400,000,000 (2019: USD50,000,000).

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2020 were HK\$400,000,000 (2019: HK\$400,000,000), HK\$1,000,000,000 (2019: HK\$1,000,000,000) and HK\$1,400,000,000 (2019: nil).

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 21 TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	16,167	15,887
Less: Impairment allowance	(102)	—
Trade receivables, net	16,065	15,887

The fair values of trade receivables approximate their carrying amounts.

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

	2020 RMB'000	2019 RMB'000
0 - 30 days	13,146	14,001
31 - 90 days	2,284	1,278
91 - 180 days	320	264
181-365 days	417	344
	16,167	15,887

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The identified impairment loss was immaterial.

As at 31 December 2020, trade receivables of approximately RMB15,430,000 (2019: RMB15,279,000) were fully performing.

As at 31 December 2020, the Group has insignificant trade receivables which are past due but not impaired.

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

### 22 INVENTORIES

The balance of inventories mainly consists of food, beverage, consumables and operating supplies.

## 23 SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2020 RMB'000	2019 RMB'000
Cash at bank and on hand	1,760,001	1,280,590
Short-term bank deposits with original maturity of less than three months	42,494	38,420
Cash and cash equivalents	1,802,495	1,319,010
Short-term bank deposits with original maturity of more than three months	23,135	22,750
Total	1,825,630	1,341,760
Maximum exposure to credit risk	1,825,133	1,341,264

As at 31 December 2020, included in the short-term bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB1,509,933,000 (2019: RMB1,186,060,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of short-term bank deposits and cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates as disclosed in Note 3(a)(ii). The existing counterparties do not have defaults in the past.

Short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	2020 RMB'000	2019 RMB'000
RMB	1,510,430	1,186,555
HK\$	254,675	140,804
USD	60,525	14,401
	1,825,630	1,341,760

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 24 DEFERRED TAX LIABILITIES

	2020 RMB'000	2019 RMB'000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	4,996,679	4,906,156

The movements in the deferred tax liabilities are as follows:

	2020 RMB'000	2019 RMB'000
Beginning of the year	4,906,156	4,536,795
Deferred taxation charged to profit or loss (Note 11)	107,872	369,565
Deferred taxation credited to reserve	(17,349)	(204)
End of the year	4,999,679	4,906,156

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

	Tax losses RMB'000
At 1 January 2019	117,280
Charged to profit or loss	(35,979)
At 31 December 2019	81,301
At 1 January 2020	81,301
Charged to profit or loss	(42,377)
At 31 December 2020	38,924

## 24 DEFERRED TAX LIABILITIES (continued)

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

	Fair value gains/(losses) RMB'000	Withholding tax in respect of unremitted earnings of subsidiaries RMB'000	Accelerated depreciation allowance and others RMB'000	Total RMB'000
Year ended 31 December 2019				
At 1 January 2019	3,566,418	532,677	554,980	4,654,075
Charged to profit or loss	201,327	30,335	101,924	333,586
Credited to reserve	(182)	(22)	—	(204)
At 31 December 2019	3,767,563	562,990	656,904	4,987,457
Year ended 31 December 2020				
At 1 January 2020	3,767,563	562,990	656,904	4,987,457
Charged/(credited) to profit or loss	(49,053)	6,562	107,986	65,495
Credited to reserve	(15,486)	(1,863)	—	(17,349)
At 31 December 2020	3,703,024	567,689	764,890	5,035,603

## 25 TRADE PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	19,244	14,205

The fair values of trade payables approximate their carrying amounts.

The ageing analysis of the trade payables, based on invoice date, is as follows:

	2020 RMB'000	2019 RMB'000
0 - 30 days	13,934	9,311
31 - 90 days	4,172	3,923
91 - 180 days	1,063	971
180 - 360 days	75	—
	19,244	14,205

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

	2020 RMB'000	2019 RMB'000
Rental deposits		
Current portion	149,654	186,707
Non-current portion	202,956	198,816
	<b>352,610</b>	385,523
Receipts in advance		
Current portion	92,935	80,827
Accrued urban real estate tax	19,807	13,445
Accrued withholding tax payable	12,489	8,436
Accrued value-added tax, urban construction and maintenance tax, education surcharge and local education surcharge	13,298	11,927
Construction fee payable (note)	243,080	571,795
Accruals for operating expenses	142,686	129,537
Accruals and other payables	<b>431,360</b>	735,140
	<b>876,905</b>	1,201,490

Note:

During the year ended 31 December 2020, the Group has written back the construction fee payable totalling of RMB174,882,000 (2019: RMB163,608,000) in relation to construction contracts of GZ IFC, of which final accounts have been agreed.

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

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

## 27 BORROWINGS

	2020 RMB'000	2019 RMB'000
Current portion of long term borrowings		
Bank borrowings		
– Secured (Note a)	268,440	268,440
– Unsecured	431,147	2,949,518
Other borrowings, unsecured (Note b)	2,607,901	—
	3,307,488	3,217,958
Long-term borrowings		
Bank borrowings		
– Secured (Note a)	1,552,840	1,821,280
– Unsecured	8,898,688	8,647,912
Other borrowings, unsecured (Note b)	3,549,272	3,783,207
Total long-term borrowings	14,000,800	14,252,399
Less: current portion of long-term borrowings	(3,307,488)	(3,217,958)
Non-current portion of long-term borrowings	10,693,312	11,034,441
Analysed into:		
Unsecured	12,447,960	12,431,119
Secured	1,552,840	1,821,280
	14,000,800	14,252,399

Note a:

Syndicated and entrustment loans totalling RMB1,553 million (2019: RMB1,821 million) are secured by certain parts of Guangzhou IFC with carrying value of RMB6,921 million (2019: RMB6,965 million).

The Group's borrowings are repayable as follows:

	2020 RMB'000	2019 RMB'000
Within one year	3,307,488	3,217,958
Between one year and five years	10,442,312	10,555,361
Over five years	251,000	479,080

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 27 BORROWINGS (continued)

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

	2020	2019
RMB	4.31%	4.31%
HK\$	2.28%	3.95%
USD	4.99%	4.99%

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

	2020 RMB'000	2019 RMB'000
RMB	1,552,840	1,821,280
HK\$	9,840,059	9,649,445
USD	2,607,901	2,781,674
	14,000,800	14,252,399

The Group has no undrawn bank borrowing facility as at 31 December 2020 (2019: HKD2,100 million).

Note b:

On 27 April 2018, Yuexiu REIT MTN Company Limited, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$400 million principal amount of 4.75% notes due in 2021 to investors under the US\$1.5 billion guaranteed medium term note programme established on 16 April 2018 pursuant to the subscription agreement dated 23 April 2018 (the "MTN Programme").

On 28 May 2019 and 14 June 2019, Yuexiu REIT MTN Company Limited, issued and sold HK\$770 million and HK\$350 million principal amount of 3.6% additional notes both due in May 2024 to investors under the MTN Programme.

## 28 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2020 RMB'000	2019 RMB'000
At 1 January	14,599,360	14,454,122
Issuance of units	119,494	119,132
Transfer from the consolidated statement of comprehensive income	521,364	876,300
Distributions paid during the year	(655,655)	(850,194)
At 31 December	14,584,563	14,599,360

The movements in the number of existing units are as below:

Units in issue ('000)	2020	2019
At 1 January	3,205,856	3,106,450
Units issued during the year (Note a)	35,257	25,406
Issuance of deferred units during the year (Note b)	62,000	74,000
At 31 December	3,303,113	3,205,856

Note a:

During 2020, 35,257,114 units were issued for payment of manager's fee (2019: 25,406,124 units).

Note b:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP certain number of units starting from 31 December 2016. The number of units to be issued to YXP each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. Pursuant to the terms disclosed in the announcement dated 23 December 2020, YXP entered into a units agreement with Yuexiu Capital Holdings Limited ("Yuexiu Capital"), a wholly owned subsidiary of Yue Xiu Enterprises (Holdings) Limited, YXP agreed to transfer the right to receive 2020 deferred units to Yuexiu Capital. During 2020, 62,000,000 units were issued and the outstanding deferred units at 31 December 2020 was 399,401,000 (31 December 2019: 461,401,000 units).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2020 RMB'000	2019 RMB'000
Profit before income tax and transactions with unitholders	791,088	1,382,236
Adjustments for:		
– Depreciation expenses of property, plant and equipment	83,068	80,510
– Depreciation of right-of-assets	59,262	50,116
– Amortisation of transaction costs for bank borrowings	29,049	29,992
– Foreign exchange (gain)/loss on financing activities	(810,900)	243,580
– Fair value losses/(gains) on investment properties	297,633	(752,700)
– Fair value losses/(gains) on derivative financial instruments	405,118	(73,636)
– Fair value gains on support arrangement asset	(625)	(32,318)
– Write back of construction payables	(174,882)	(163,608)
– Loss on settlement of derivative financial instruments	14,902	—
– Impairment allowance for trade receivables	102	—
– Interest income	(31,985)	(33,748)
– Interest and finance charges paid/payable for lease liabilities	1,189	118
– Interest expenses	444,077	505,248
Changes in working capital:		
– Deferred assets	(56,136)	14,417
– Inventories	(209)	266
– Trade receivables	(280)	10,898
– Amounts due from related parties	178,508	10,833
– Prepayments, deposits and other receivables	10,885	62,740
– Trade payables	5,039	(3,484)
– Rental deposits	(32,913)	28,925
– Receipts in advance	12,108	(4,798)
– Accruals and other payables	(9,407)	19,274
– Amounts due to related parties	10,261	(4,965)
Cash generated from operations	1,224,955	1,369,896

- (b) Major non-cash transaction:

During the year ended 31 December 2020, 35,257,114 units (2019: 25,406,124 units) amounting to RMB 119,494,000 (2019: RMB119,132,000) were issued for payment of manager's fee.

## 29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

### (c) Debt reconciliation

	Liabilities from financing activities				Total RMB'000
	Lease	Derviative	Borrowings -	Borrowings -	
	liabilities	financial	repayable	repayable	
	RMB'000	instrument, net	within one year	after one year	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Debt as at 1 January 2019</b>	—	(120,018)	(2,276,543)	(11,599,185)	(13,995,746)
Cash flows	859	88,508	—	—	89,367
Acquisition - Lease	(29,931)	—	—	—	(29,931)
Proceeds from new borrowings	—	—	(623,830)	(3,830,629)	(4,454,459)
Repayment of borrowings	—	—	2,952,570	1,398,789	4,351,359
Other non-cash movements	(118)	73,636	(3,270,155)	2,996,584	(200,053)
<b>Debt as at 31 December 2019</b>	(29,190)	42,126	(3,217,958)	(11,034,441)	(14,239,463)

	Liabilities from financing activities				Total RMB'000
	Lease	Derviative	Borrowings -	Borrowings -	
	liabilities	financial	repayable	repayable	
	RMB'000	instrument, net	within one year	after one year	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Debt as at 1 January 2020	(29,190)	42,126	(3,217,958)	(11,034,441)	(14,239,463)
Cash flows	10,353	24,392	—	—	34,745
Proceeds from new borrowings	—	—	(490,140)	(3,595,483)	(4,085,623)
Repayment of borrowings	—	—	3,555,371	—	3,555,371
Other non-cash movements	(1,189)	(420,020)	(3,154,761)	3,936,612	360,642
<b>Debt as at 31 December 2020</b>	(20,026)	(353,502)	(3,307,488)	(10,693,312)	(14,374,328)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2020, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 40% (2019: 38%) of Yuexiu REIT's units. The remaining 60% (2019: 62%) of the units are widely held.

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2020:

Connected/related companies	Relationship with Yuexiu REIT
Yuexiu Property Company Limited ("YXP") <sup>1</sup>	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") <sup>1</sup>	An associate of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") <sup>1</sup>	An associate of YXP
Guangzhou Yuexiu Yicheng Property Management Ltd. ("Yicheng") <sup>1</sup>	A subsidiary of YXP
Guangzhou Baima Business Operation Management Co. Ltd ("Baima BM") <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction & Development Xingye Property Agent Ltd. ("Xingye") <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction and Development Co. Ltd. ("GCCD") <sup>1</sup>	A subsidiary of YXP
Guangzhou City Construction & Development Holdings (China) Limited ("GCD (China)") <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ("GZYFHG")	A subsidiary of GZYX
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") <sup>1</sup>	A major shareholder of YXP
Guangzhou Yue Xiu Enterprises (Holdings) Ltd ("YXE") <sup>1</sup>	A subsidiary of GZYX
Guangzhou Yue Xiu Holdings Limited ("GZYX") <sup>1</sup>	Immediate holding company of Yue Xiu
Guangzhou City Construction and Development Group Co. Ltd. <sup>1</sup>	A subsidiary of YXE
Guangzhou Grandcity Development Ltd. <sup>1</sup>	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd ("GZ JLL") <sup>1</sup>	A subsidiary of YXP
Guangzhou Guang Zheng Hang Seng Research Co., Ltd ("Guang Zheng") <sup>1,2</sup>	A subsidiary of GZYFHG
Guangzhou Suiqiao Development Company Limited ("Suiqiao") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Securities Company Limited <sup>1,2</sup>	A subsidiary of GZYFHG
Guangzhou Yuexiu Industrial Investment Fund Management Co.Ltd <sup>1</sup>	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Leasing Co.,Ltd <sup>1</sup>	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Holdings Co., Ltd <sup>1</sup>	A subsidiary of GZYFHG
Guangzhou Yue Xiu Enterprises Development Ltd <sup>1</sup>	A subsidiary of YXE
Guangzhou Yue Tong Expressway Operations and Management Company Limited ("Yue Tong") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ("Yue Peng") <sup>1</sup>	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited ("Chong Hing") <sup>1</sup>	A subsidiary of Yue Xiu

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
Chong Hing Bank Limited Guangzhou Tianhe Sub-Branch (previously known as Chong Hing Bank Ltd. Guangzhou Sub-Branch) ("Chong Hing Tianhe") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Sub-Branch ("Chong Hing Guangzhou") <sup>1</sup>	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") <sup>1</sup>	A subsidiary of Yue Xiu
Guangzhou Paper Group Ltd <sup>1</sup>	A subsidiary of YXE
Guangzhou Titanium Dioxide Factory <sup>1</sup>	A subsidiary of YXE
Guangzhou Futures Co., Ltd <sup>1</sup>	A subsidiary of GZYFHG
廣州市祥港房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市宏錦房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州東耀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州市城建開發集團名特網絡發展有限公司 <sup>1</sup>	A subsidiary of YXP
廣州悅停網絡科技有限公司 <sup>1</sup>	A subsidiary of YXP
廣州鵬燁貿易有限公司 <sup>1</sup>	A subsidiary of YXP
廣州友誼集團有限公司 <sup>1,3</sup>	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Technology Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
Shanghai Yuexiu Finance Leasing Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
武漢康景實業投資有限公司 <sup>1</sup>	A subsidiary of YXP
廣州城建開發設計院有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀地產工程管理有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀商業地產投資管理有限公司 <sup>1</sup>	A subsidiary of YXP
Yue Xiu Consultants (Shenzhen) Co., Ltd. <sup>1</sup>	A subsidiary of Yue Xiu
杭州越秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
杭州越榮房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
杭州盛寅房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
杭州豐勝房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
武漢越秀商業管理有限公司 <sup>1</sup>	A subsidiary of YXP
廣州悅秀智訊科技信息諮詢有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀興業地產代理有限公司 <sup>1</sup>	A subsidiary of YXP
廣州白馬電子商務股份有限公司 <sup>1</sup>	A subsidiary of YXE
廣州市品秀房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
Guangzhou Yuexiu Business Operation Management Co.,Ltd. <sup>1</sup>	A subsidiary of YXP
廣州越秀星寓公寓管理有限公司 <sup>1</sup>	A subsidiary of YXP
廣州雋越房地產開發有限責任公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀資本投資管理有限公司 <sup>1</sup>	A subsidiary of GZYFHG
廣州城建開發裝飾有限公司 <sup>1</sup>	A subsidiary of YXP
廣州越秀城開房地產開發有限公司 <sup>1</sup>	A subsidiary of YXP
廣州城建開發工程造價諮詢有限公司 <sup>1</sup>	A subsidiary of YXP
廣期資本管理(深圳)有限公司 <sup>1</sup>	A subsidiary of GZYFHG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Connected/related companies	Relationship with Yuexiu REIT
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. <sup>1</sup>	A subsidiary of GZYFHG
HSBC Institutional Trust Services (Asia) Limited (the "Trustee")	The Trustee of Yuexiu REIT
Colliers International (Hong Kong) Limited (the "Valuer")	The principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee

<sup>1</sup> These connected companies are also considered as related companies of the Group, transactions and balances carried out with these related companies are disclosed in notes (a) and (b) below.

<sup>2</sup> The companies ceased to be connect companies of the Group since 10 January 2020.

<sup>3</sup> The company creased to be connected company since 28 March 2019.

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

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

	2020 RMB'000	2019 RMB'000
Asset management fee paid/payable to – the Manager (note ii)	142,157	147,511
Management fee paid/payable to – Yicheng	16,617	16,719
– Baima BM	8,633	11,182
– GZAM	18,723	19,555
Rental income received/receivable from – Xingye	8,961	8,042
– Yicheng	23,538	18,813
– GCCD	13,797	14,387
– Guangzhou Securities Company Limited	788	33,036
– Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	305	759
– GZ JLL	16,741	16,248
– Guangzhou Yuexiu Financial Leasing Co., Ltd.	1,407	1,395
– GZAM	10,334	10,452
– Guangzhou Yuexiu Financial Holdings Group Co., Ltd	8,539	—
– GZYFHG	8,446	16,517

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	2020 RMB'000	2019 RMB'000
– Yue Tong	775	773
– Guangzhou Yue Peng	792	789
– Yuexiu (China) Transport Infrastructure Investment Company Limited	8,643	8,531
– YXE	44,706	37,352
– Chong Hing	—	2,050
– Chong Hing Tianhe	—	50
– Chong Hing Guangzhou	—	258
– Chong Hing Shanghai	4,793	930
– Guangzhou Paper Group Ltd.	285	279
– Guangzhou Futures Company Limited	4,848	3,821
– 廣州東耀地產開發有限公司	13,829	13,935
– 廣州市城建開發集團名特網絡發展有限公司	728	114
– 廣州悅停網絡科技有限公司	—	47
– 廣州鵬燁貿易有限公司	1,160	1,104
– 廣州友誼集團有限公司	—	7,663
– Guangzhou Yuexiu Financial Technology CO.,Ltd.	314	614
– Shanghai Yuexiu Finance Leasing Co., Ltd.	3,792	3,768
– 武漢越秀商業管理有限公司	15,502	10,843
– 武漢康景實業投資有限公司	21,384	33,295
– 廣州城建開發設計院有限公司	391	386
– 廣州越秀地產工程管理有限公司	4,756	4,749
– Guangzhou Grandcity Development Ltd	82	—
– Guang Zheng	60	2,388
– Suiqiao	596	595
– 廣州越秀商業地產投資管理有限公司	666	560
– Yue Xiu Consultants (Shenzhen) Co., Ltd.	—	1,339
– 杭州越秀房地產開發有限公司	4,360	4,238
– 杭州越榮房地產開發有限公司	470	626
– 杭州盛寅房地產開發有限公司	659	486
– 杭州豐勝房地產開發有限公司	1,082	1,079
– 廣州市品秀房地產開發有限公司	—	189
– Guangzhou Yue Xiu Enterprises Development Ltd	285	256
– Guangzhou Yuexiu Business Operation Management Co.,Ltd	26	16
– 廣州越秀星寓公寓管理有限公司	1,913	1,153

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	2020 RMB'000	2019 RMB'000
- 廣州越秀資本投資管理有限公司	4,074	2,976
- 廣州雋越房地產開發有限責任公司	—	186
- 廣州悅秀智訊科技信息諮詢有限公司	2,086	—
- 廣州白馬電子商務股份有限公司	672	—
- Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd.	666	649
- 廣州越秀城開房地產開發有限公司	207	—
- 廣州城建開發裝飾有限公司	318	—
- 廣州城建開發工程造價諮詢有限公司	16	—
- 廣期資本管理(深圳)有限公司	376	—
- 廣州市祥港房地產開發有限公司	9,416	9,391
Naming right income received/receivables from		
- GCCD	13,714	8,000
Interest income received/receivable from		
- GCCD	17,601	18,852
- Chong Hing Bank	848	1,184
- the HSBC Group	—	12
Trustee fee paid/payable to		
- Trustee	10,424	10,481
Valuation fee paid/payable to		
- the Incumbent Valuer	438	—
- the Former Valuer	652	948
Principal element of lease payments paid to		
- 廣州越秀星寓公寓管理有限公司	10,353	859
Interest expense paid/payable to		
- the HSBC Group	20,498	24,682
- the Chong Hing Bank	7,168	10,858
Bond underwriter's fee paid/payable to		
- the HSBC Group	2	1

Note:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreements governing the transactions.
- (ii) The Manager's fee is calculated as the aggregate of a base fee of 0.3% per annum of the value of the deposited property, a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction of 0.5% of the gross sale price of the disposal of any part of Deposited property comprising of Real Estate, as defined in the Trust Deed (Note 8).

### 30 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (b) Balances with related companies

	2020 RMB'000	2019 RMB'000
Amount due from GCCD (i)	49,574	228,082
Amount due to Yicheng	(10,323)	(5,004)
Amount due to Baima BM	(16,701)	(950)
Amount due to the Manager	(68,541)	(79,198)
Amount due to GZAM	(1,596)	(1,749)
Amount due to GCD (China)	(1,362)	(1,361)
Amount due to GCCD BVI	(10,000)	(10,000)
Bank borrowing from Chong Hing Tianhe	(153,146)	(185,146)
Bank deposit in Chong Hing Bank	52,437	51,589
Bank borrowing from the HSBC Group	(698,561)	(1,041,695)
Derivative financial instrument from HSBC Group	(10,040)	—
Rental income receivables from related companies	12	13
Receipts in advance from related companies	(3,618)	—
Rental deposits from related companies (ii)	(61,153)	(65,632)

An amount due from GCCD of approximately RMB50 million (2019: RMB218 million) is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable. The remaining amount is unsecured, interest free and repayable on demand.

All other balances with related companies are unsecured, interest-free, repayable on demand and a reasonable approximation to their fair values.

All the balances are denominated in RMB, except for the amount due to the Manager which is denominated in HK\$.

Note:

- (i) Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction costs related to the construction of Guangzhou IFC. On 7 May 2012, an initial amount of RMB1,293 million and subsequent amount of RMB 175 million were transferred to GCCD by Tower Top. The receivable balance of RMB50 million (2019: RMB228 million) as at year end represents the initial amount transferred to GCCD less the settlement of construction payable. To the extent that there are residual funds after settlement of all outstanding construction costs, GCCD will be required to refund the surplus cash to Tower Top after the settlement of such costs.
- (ii) Rental deposits from related companies are included as rental deposits in the consolidated balance sheet.

#### (c) Key management compensation

There was no key management compensation for the year ended 31 December 2020 (2019: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 31 CAPITAL COMMITMENTS

	2020 RMB'000	2019 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties Contracted but not provided for	29,856	23,238

### 32 FUTURE MINIMUM RENTAL RECEIVABLE

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

	2020 RMB'000	2019 RMB'000
Within one year	1,156,814	1,102,973
Between one year and five years	1,583,176	1,540,848
Over five years	60,052	102,305
	2,800,042	2,746,126

# PERFORMANCE TABLE

As at 31 December 2020

	2020	2019	2018	2017	2016
Net assets attributable to unitholders (RMB)	14,584,563,000	14,599,360,000	14,454,122,000	14,321,384,000	13,534,400,000
Net asset attributable to unitholders per unit (including net assets attributable to deferred unitholder) (RMB)	4.42	4.55	4.65	4.75	4.63
(Equivalent to HK\$)	5.25	5.08	5.41	5.68	5.18
The highest premium of the traded price to net asset value (HK\$)	0.10 <sup>(i)</sup>	0.55 <sup>(i)</sup>	0.19	N/A	N/A
The highest discount of the traded price to net asset value (HK\$)	2.05 <sup>(i)</sup>	0.13 <sup>(i)</sup>	0.72	1.60	1.36
Net yield per unit	4.7% <sup>(ii)</sup>	5.9%	6.20%	9.57%	6.83%
Number of units in issue (units)	3,303,113,665	3,205,856,551	3,106,450,427	3,014,285,896	2,921,780,484

## Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$5.35 (2019: HK\$5.63) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2020. The highest discount is calculated based on the lowest traded price of HK\$3.20 (2019: HK\$4.95) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2020.
- (ii) Net yield per unit is calculated based on profit after tax before transactions with unitholders per unit for the year ended 31 December 2020 over the closing price of HK\$3.78 (2019: HK\$5.28) as at 31 December 2020.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of Yuexiu REIT for the last five financial years is set out below

	Year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
<b>Results</b>					
Profit after tax before transactions with Unitholders	587,121	940,408	966,519	1,437,095	712,144

	As at 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
<b>Assets and Liabilities</b>					
Total assets	36,260,137	36,425,456	35,835,066	35,335,724	30,621,275
Total Liabilities, other than net assets attributable to Unitholders	20,487,471	20,620,701	20,239,132	19,926,920	16,986,891
Net assets attributable to Unitholders	14,584,563	14,599,360	14,454,122	14,321,384	13,534,400

# CORPORATE AND INVESTOR RELATIONS INFORMATION

## BOARD OF DIRECTORS OF THE MANAGER

### EXECUTIVE DIRECTORS

Mr. Lin Deliang (*Chairman*)

Ms. Ou Haijing (*appointed on 20 November 2020*)

Mr. Cheng Jiuzhou (*resigned on 4 March 2021*)

### NON-EXECUTIVE DIRECTOR

Mr. Li Feng

Mr. Zeng Zhizhao (*appointed on 4 March 2021*)

Mr. Liang Danqing (*resigned on 20 November 2020*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr. Chan Chi On, Derek

Mr. Chan Chi Fai, Brian

Mr. Cheung Yuk Tong

Mr. Chen Xiaoou

## RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Lin Deliang

Mr. Cheng Jiuzhou (*resigned on 4 March 2021*)

Ms. Ou Haijing

Mr. Kwan Chi Fai

## COMPANY SECRETARY OF THE MANAGER

Mr. Yu Tat Fung

## CHIEF FINANCIAL OFFICER OF THE MANAGER

Mr. Kwan Chi Fai

## TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

## AUDITOR OF YUEXIU REIT

PricewaterhouseCoopers

Certified Public Accountants and Registered PIE Auditor

## PRINCIPAL VALUER

Colliers International (Hong Kong) Limited (the "Incumbent Valuer")

Savills Valuation and Professional Services Limited (the "Former Valuer")

## HONG KONG LEGAL ADVISER

Baker & McKenzie

## CORPORATE AND INVESTOR RELATIONS INFORMATION

### PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited  
DBS Bank Ltd., Hong Kong Branch  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
OCBC Wing Hang Bank Limited  
Standard Chartered Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited

### WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

<http://www.yuexiureit.com>  
<http://www.hkex.com.hk>

### REGISTERED OFFICE OF THE MANAGER

Flat B, 17/F  
Yue Xiu Building  
160 Lockhart Road  
Wanchai, Hong Kong

### UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
54/F, Hopewell Centre  
183 Queen's Road East, Hong Kong

### LISTING EXCHANGE

UNITS:  
The Stock Exchange of Hong Kong Limited-00405

BOND:  
The Stock Exchange of Hong Kong Limited  
US\$400,000,000 4.75 per cent. Notes due 2021  
(Stock code: 04477)

### INVESTOR RELATIONS

For further information about  
Yuexiu REIT, please contact:  
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Email: [yxft.ir@yuexiureit.com](mailto:yxft.ir@yuexiureit.com)



## 越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

[www.yuexiureit.com](http://www.yuexiureit.com)

17B Yue Xiu Bldg., 160 Lockhart Road, Wanchai, Hong Kong

Manager

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